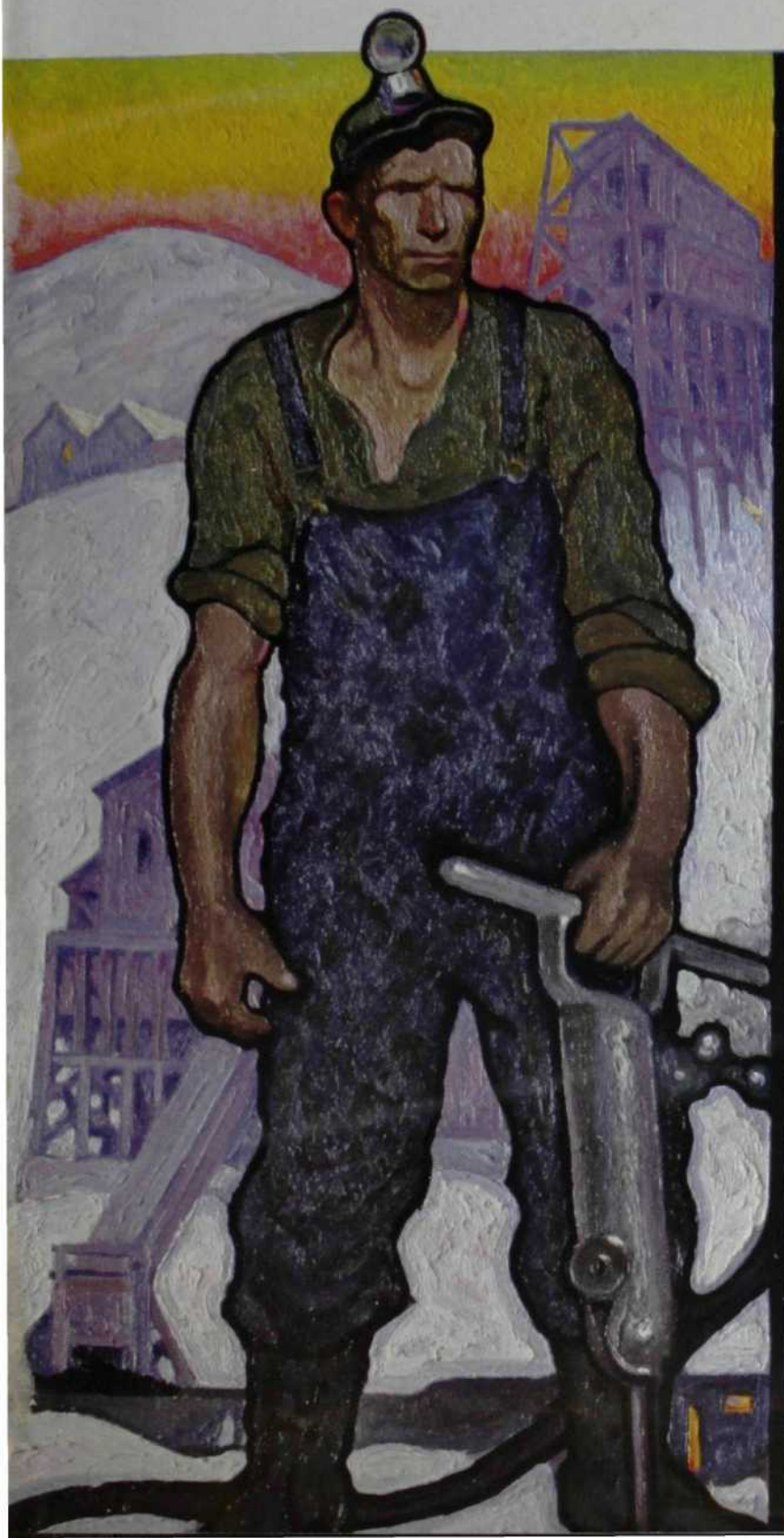


NATION'S BUSINESS



JANUARY • 1932



PANICS

How Press and Public Viewed
the Hard Times of 1873

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INVESTMENTS

A Man Who Invests Great
Sums Discusses Securities

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ADVERTISING

How the Right Amount to
Spend May be Determined

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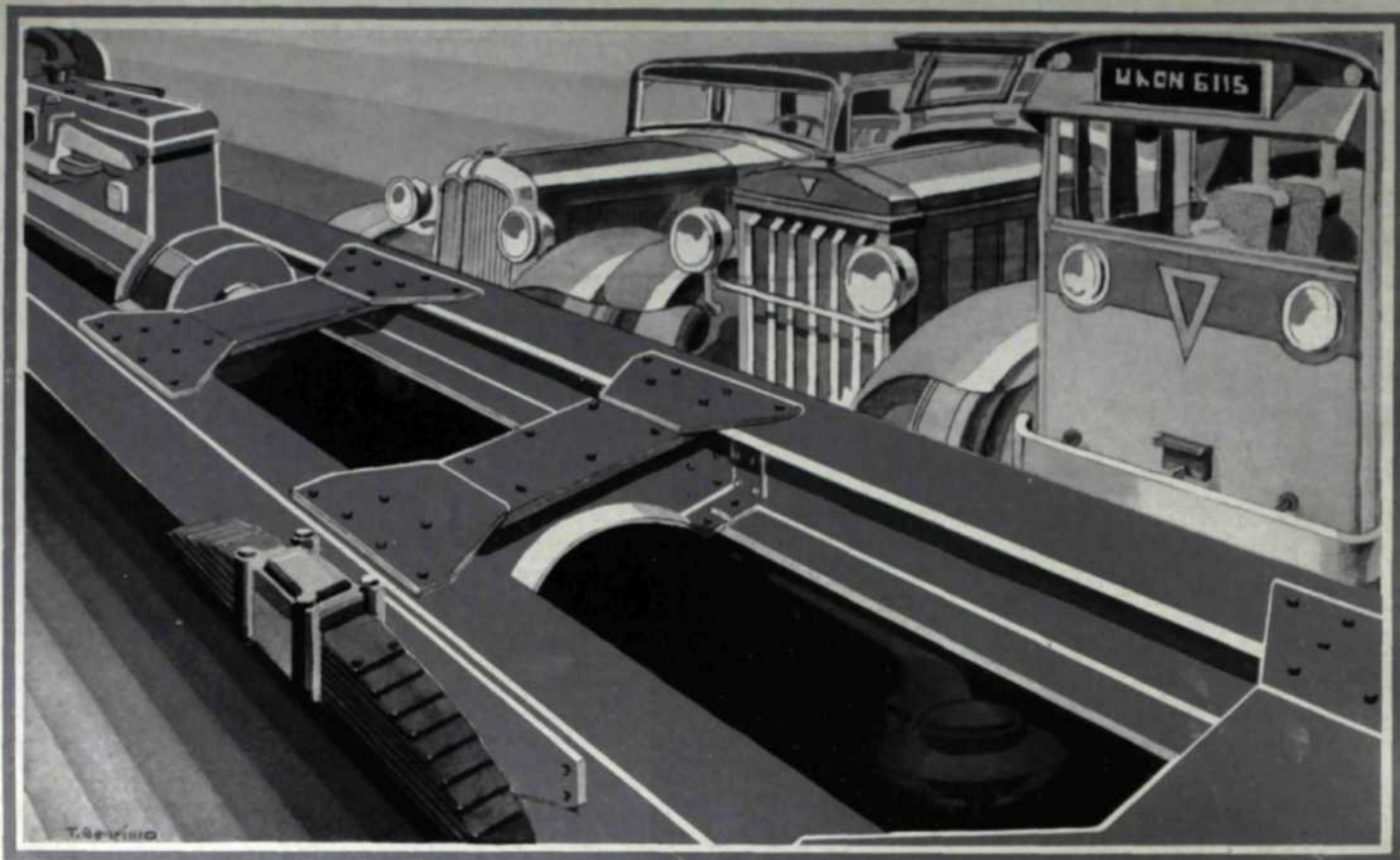
SHORT SELLING

Why Laws Prohibiting It Have
Always Been Repealed

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PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor




An entirely new deal from the wheels up ... that's what Alcoa Aluminum makes possible

Keep full strength! Slash weight in half! Such are the revolutionary advantages offered to the automotive field—to all transportation—by Alcoa Aluminum and its light, strong alloys. And, with these possibilities at their command, engineers inevitably think of an entirely different car, truck, bus, railroad coach, street or subway car, airship and airplane. At once, they plan completely different units that will go faster, ride more comfortably and reduce operating costs to far lower levels.

Already the new movement has begun. Take these examples. In the truck field there is the chassis shown above. The frame itself, the differential and rear axle housings—in fact almost everything from trunions to top is made of Alcoa Aluminum. Result, the completed chassis weighs $1\frac{1}{2}$ tons less than a similar one made of steel. In the

bus field a new "aluminized" coach has been built that is 4000 lbs. lighter. One of the highest powered stock passenger cars has many of its engine, chassis and body parts made of aluminum alloys—to be exact, a total of 135 different aluminum parts.

Alcoa Aluminum can be cast, stamped, pressed or forged. It is readily plated with chromium or nickel. It is rolled into structural shapes and sheets from which passenger cars, truck and bus bodies, railroad coaches, and street cars are made. Shapes and sheets are carried in stock. There are also available strong aluminum alloy plate in sizes up to 35 ft. long, 120 inches wide and $\frac{3}{4}$ inch thick; rivets, bolts and screws. Write for the handbook, "Alcoa Aluminum and Its Alloys." Address ALUMINUM COMPANY of AMERICA; 2425 Oliver Building, PITTSBURGH, PENNSYLVANIA.



LYNITE PISTONS
AND CONNECTING RODS
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ALCOA ALUMINUM



There is lots of gold in California that the Forty-Niners never found

GONE are *Rough and Ready*, *Whiskey Digings*, *Poker Flat*. Only a few of those romantic mining towns remain... But there is a lot of gold in California that the Forty-Niners never found! And there is rich opportunity today.

California still outranks all other states, and Alaska too, in gold production, but of more importance is the fact that the mineral production of this state ranks fourth in value and first in variety. In value of farm products California ranks second. Hydro-electric power and natural gas have seen—and are seeing—very great development... and there is untold gold in other forms.

Of special interest in California today is the place that manufacturing has taken—ahead of agriculture.

Traditions of the frontier land and the pioneer city color the life of San Francisco. But the romance is the romance of big business: big business to supply the wants of twelve million people who live west of the Rockies and 900 million people who live beyond the Golden Gate in the Pan-Pacific lands.

San Francisco is the West's headquarters city. First port of the Pacific, it is also headquarters for the leading railroad, industrial, manufacturing and financial interests of the West... and it is a fascinating city. Investigate the opportunities for your business here—the modern gold that California holds.

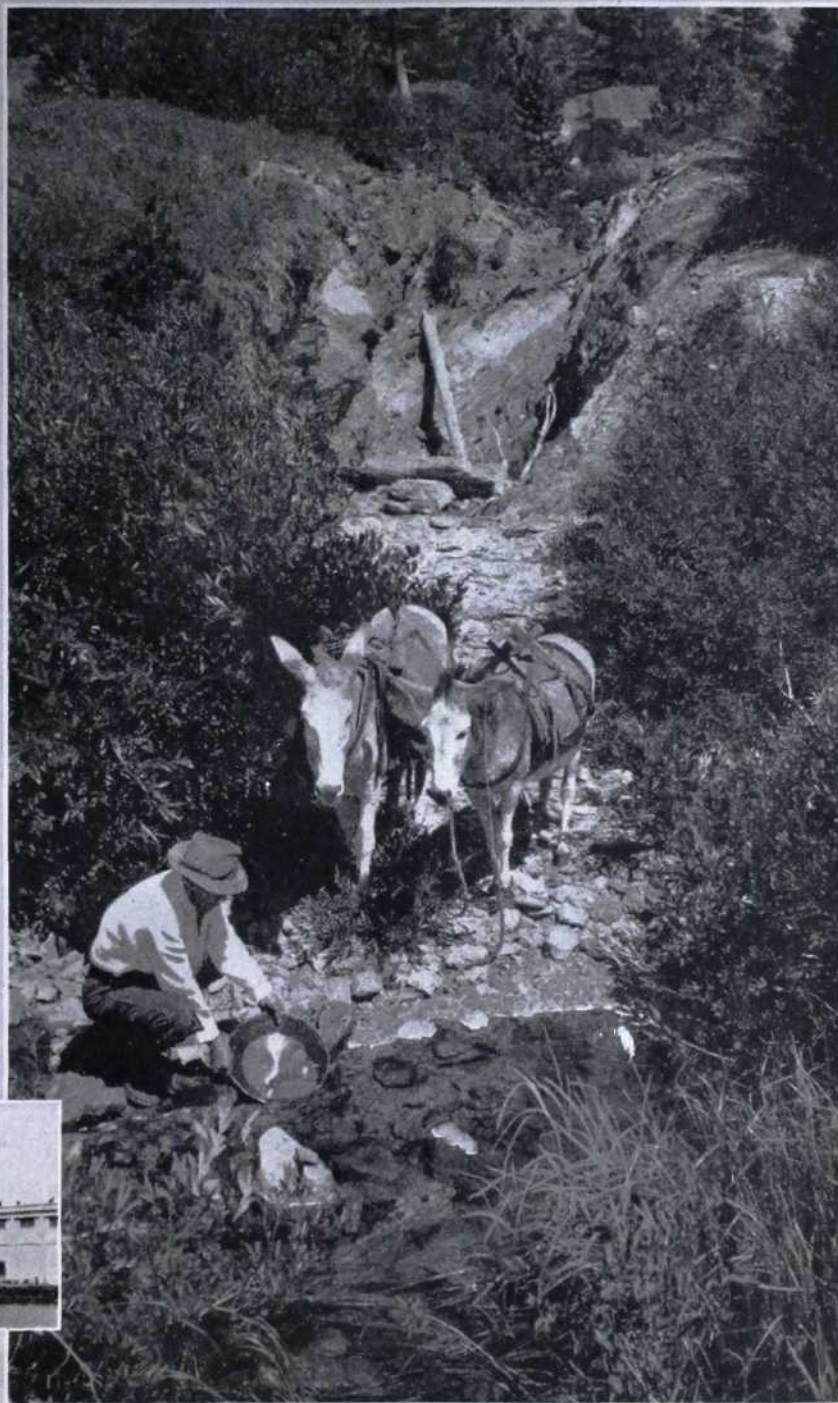


Address Californians Inc., Dept. B1, 703 Market St., San Francisco for any specific information you desire. We will reply immediately and fully, without obligation on your part.

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Quit Work at 55

THIS page tells how you can provide a life of leisure for yourself by following a simple financial program called the Retirement Income Plan.

You don't have to be wealthy to follow this plan. All you have to do is to make a payment of a few dollars a month—the exact amount depending on your age.

Your retirement income begins at any age you say—55, 60, or 65. It can be any amount you wish—\$100 a month, \$200, \$300, or more.

This life income is as sure and as safe as a government pension. It is guaranteed to you by the Phoenix Mutual Company, an 80-year-old company with more than 600 million dollars of insurance in force.

Once you have provided an income for yourself under the Phoenix Mutual Retirement Income Plan, you may rely on that income completely and

implicitly. Nothing can stop it. Nothing can delay it. Nothing can take that income from you.

There are other benefits which may be included in this plan. A guaranteed income for your wife, in case anything happens to you. Money to send your children to college. Money for emergencies. Money to leave your home free of debt. Money for other needs.

Send for the facts

Perhaps the greatest advantage of the plan is this: The minute you make your first payment, your biggest money worries begin to disappear. Even if you were totally and permanently disabled the next day, you would not need to worry about finances. Shortly thereafter, you would be paid a regular monthly income to live on. Your payments would be made by us out of a special reserve fund provided for that purpose. For completeness, for safety, for absolute freedom from money worries, there is nothing that can equal the Phoenix Mutual Retirement Income Plan.

Think of it—the thrill of it! The rockbound security of it! A guaranteed income you cannot outlive. What a load off your mind. What a weight off your shoulders. The sudden lifting of your biggest financial worries gives



A guaranteed income of \$200 a month for life

Retirement Income Plan

Here is what a \$200 a month Retirement Income Plan will do for you:

It guarantees when you are 55

A Monthly Income for life of \$200, which assures a return of \$20,000 and perhaps more, depending on how long you live. Or, if you prefer, a Cash Settlement of \$30,200.

It guarantees upon death from any cause before age 55

A Cash Payment to your beneficiary of \$20,000. Or a Monthly Income for life.

It guarantees upon death from accidental means before age 55

A Cash Payment to your beneficiary of \$40,000. Or double the Monthly Income for life.

It guarantees in event of permanent total disability before age 55

A Monthly Income to live on. Plans for retirement at older ages are also available.

you a new lease on life—a new outlook—a new freedom you never experienced before.

An interesting 24-page book called "The Phoenix Mutual Retirement Income Plan," explains how this plan works. Send for your copy today. There is no cost. There is no obligation.



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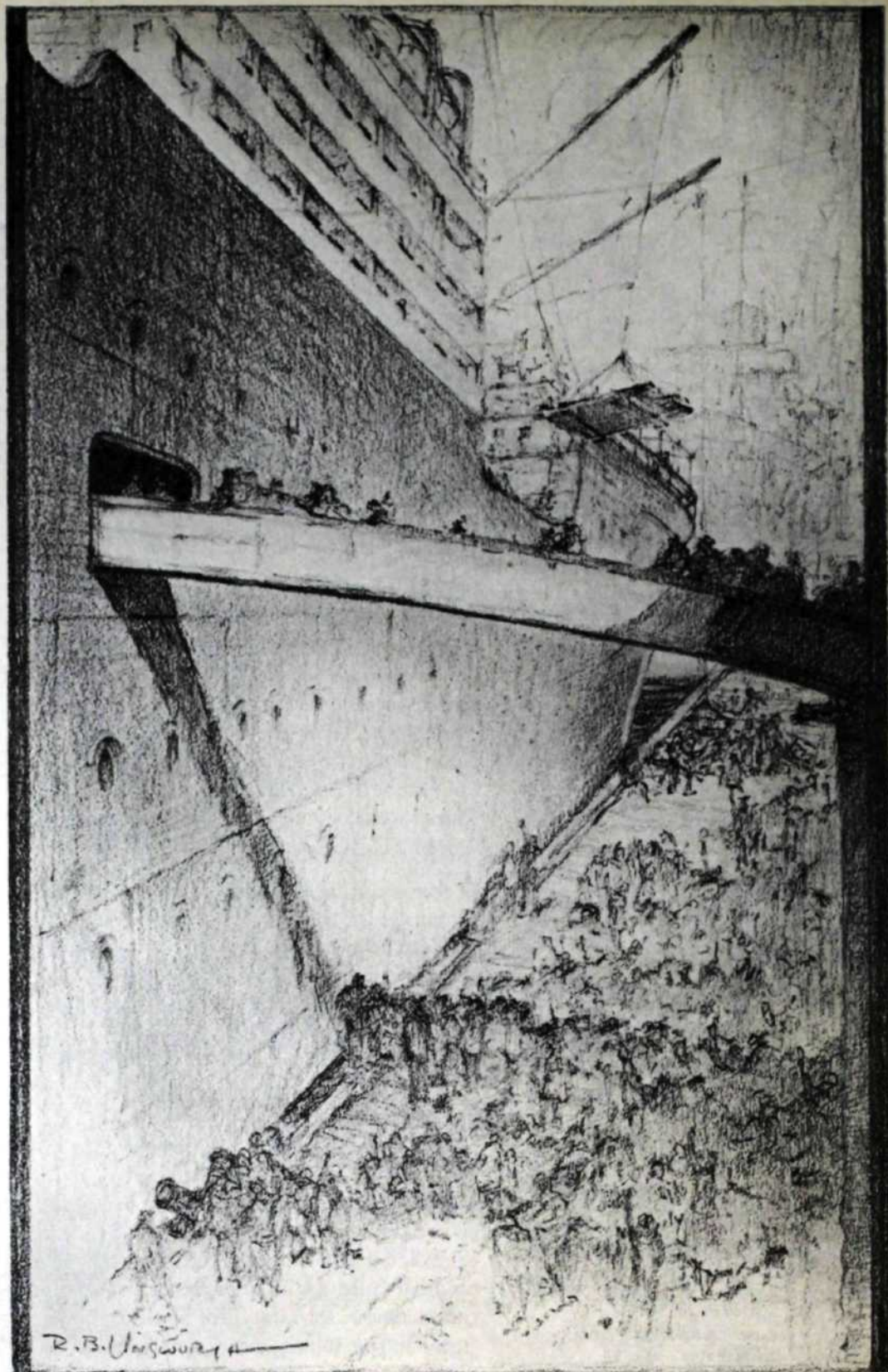
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NATION'S BUSINESS for January

VOLUME 20



NUMBER 1

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SELL NEW ENGLAND by locating in BOSTON. Boston is the industrial and commercial capital of New England, and the point from which merchandise can be *most easily and profitably* distributed to the entire territory.

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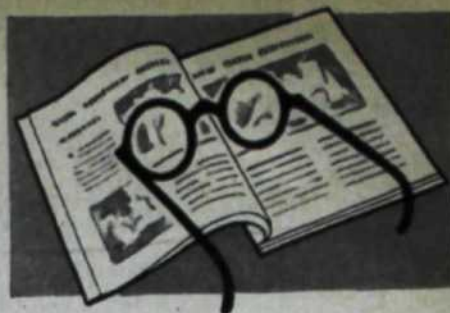
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Company and Address _____

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Through the EDITOR'S SPECS

THE question "How does the present depression compare with those of the past?" is frequently heard. To supply an answer and at the same time recapture some of the flavor of earlier days, NATION'S BUSINESS is publishing a series of articles on past panics as they appeared to those who went through them. From the rich source of material in Washington, a member of the staff, William Boyd Craig, has drawn an accurate and dramatic picture of conditions during depressions from 1690 to 1929.

As the reader sees the way history was made in these departed days, he will unconsciously draw comparisons and note differences between yesterday and today.

One of the strongest impressions to be had from such a study of the past is that we as a country have come a long way. The United States in every decade has changed so much without benefit of governmental planning that it is scarcely recognizable as the same country. There are plenty of points of similarity between the Panic of '73, for instance, and 1929, but the contrasts are even more striking.

SEVERAL things are outstanding in the Panic of '73, as recorded in Mr. Craig's "Tragic Eras in American Business," which begins on page 17 of this issue.

That depression was blamed on speculation and overcapacity of existing plants. Wage reductions were cited as contributing to the length of the hard times which followed the first crash.

After nearly six years, no improvement in conditions was felt. In August, 1879, the country passed through what was perhaps the blackest month, industrially, which it had ever known. Yet, by November or December of that year, there was sharp improvement. The country was not only completely recov-

What must a Man do to Make himself worth \$10,000 a Year?

EVERY reward demands a sacrifice. Every triumph, in this world, has its price.

Take the matter of money. This is a day of commercialism—of overemphasis on financial rewards. Men give their leisure, their health, their all—in exchange for cash.

Is it worth it? Must a man make so great a sacrifice in order to achieve security for himself and his family? How much should an intelligent man be willing to do to increase his earning power?

This page is addressed to those men who want an ample measure of financial reward—but who are not willing to cripple their lives to get it. Such men see things in correct proportion. And to such men the message of the Alexander Hamilton Institute is of thrilling interest.

For it is not the *time* you spend on business, or the *effort*, or the *concentration*, that brings the big rewards. It is simply and solely the *intelligence*. Institute men make more money than other men—with less effort—because they know more about business.

Our records show in case after case that a man *can* have time for his family, his friends, his hobbies, and still make more money than the neighbor who never finds time for anything but work.

For Institute training means freedom. Freedom from worry. Freedom from costly errors. Freedom for constructive, profit-making thought. The kind of freedom that comes with the knowledge that

your future lies in your own hands and that those hands are competent.

How is all this possible? Let us explain it this way.

How much chance would a football star of the '90s have if he went into a game today and knew only the rules and the tactics of his own time—a time when the forward pass did not even exist?

**The next 5 years
will offer more
OPPORTUNITIES
FOR PROFIT
than any other period
in a generation**

Not much chance, you will agree. Business has changed, in the last few years, even more than football. Yet men imagine that they can gain ground in the game of business with antiquated weapons and with only the old-fashioned rules to guide them.

Make no mistake about it—business today is a new thing. The old rules don't work. Overhead is receiving a new kind of scrutiny. Small business units are being merged into big units. Security prices are subject to a whole new set of conditions. Production methods have been revolutionized. An entirely new sales strategy has been forced into existence by new competitive conditions.

With luck, a man may survive in this new business world without special training. But (and here is the point of this whole page) *he will never earn \$10,000 a year*. Nobody is paid \$10,000 just for obeying orders. But men who know the new rules, who are competent to give orders instead of receiving them, will receive in the next few years greater financial rewards than ever before.

Has business become for you a squirrel-cage in which every year you are working harder but progressing no faster? Are your natural talents being slowly wasted in a blind concentration on mere routine tasks?

Then write for the booklet that tells how, by learning the rules of the game as it is played *today*, you can eliminate half the effort and earn twice the reward.

This booklet is called "What an Executive Should Know." It enables you to answer for yourself the question, "What must a man do to make himself worth \$10,000 a year?" It is interesting and practical from the first page to the last.

Send for it. It is free. The coupon will bring it.

To the Alexander Hamilton Institute, 590 Astor Place, New York City. (In Canada, address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me "What an Executive Should Know," which I may keep without charge.

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A 44-page booklet called "What an Executive Should Know" describes this new service. Send for it.

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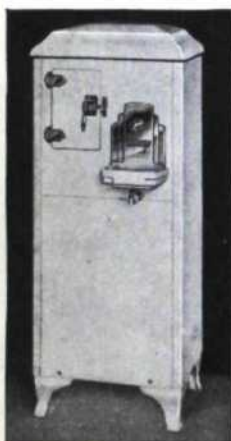
It's Expensive to be Old-Fashioned

THE TAP may have been all right as a source of drinking water before these days of making everything and everybody pay its own way. But, it is *too expensive* now!

Figure the thousands of gallons of water wasted. Add to this the minutes lost—minutes that hurry into hours over a period of a year. Estimate the dollar-and-cents value of discontented employees who object to drinking warm, unpalatable water. And, finally count up the days lost because of sickness.

Compare this "loss" figure with the small cost of Kelvinator Electric Water Cooling Equipment. And you will see why it is far *more economical* to modernize your drinking water facilities.

The Kelvinator Refrigeration Engineer in your city will gladly make a survey of your office, factory or building to determine the equipment you should have—for economy, efficiency and permanent satisfaction. Call him. Get his name from the Classified Section of your Telephone Directory.



The Cooler on the left is the well-known Kelvinator Self Contained Pressure Unit that is connected to the city water main. On the right is the bottle type. Both are highly efficient, compact, powerful, long-lived and beautifully designed and finished. Call the **K. R. E.** or write direct for literature.

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Kelvinator

(412)

ered, but was on its way for several years of unusual prosperity.

"WHO'S the most powerful man in the United States?"

Just lately I have run across two answers to the question and neither one is President Hoover.

The first answer I found in that lively business paper, *Railway Age*, which was founded 75 years ago and has grown in wisdom with the years.

Railway Age doesn't hesitate to name Joseph B. Eastman, Interstate Commerce Commissioner as "the most powerful man in the country, but, unfortunately, also the most dangerous man in public life."

The reasoning of *Railway Age* is not hard to follow. The argument goes like this:

The railroads are one of our greatest industries, the Interstate Commerce Commission controls the railroads, Mr. Eastman controls the Commission. Hence power. Why dangerous? Because he has suggested that "a better and also simpler way would be for the Government to take over these public functions (such as railroads) itself and to assume complete and undivided responsibility for their management." And that faith *Railway Age* thinks makes him most dangerous as well as most powerful.

The Washington correspondent of an important newspaper has another candidate for the place of most powerful man in the United States. His candidate is John Nance Garner, of Uvalde, Texas, the newly chosen speaker of the House of Representatives. Mr. Garner, he points out, has almost limitless powers in expediting or preventing legislation. Mr. Garner is a modest, even if a powerful man. His official biography in the Congressional Directory merely recites that he was elected to the fifty-eighth and succeeding Congresses while "Who's Who" adds little save that he was admitted to the bar and "had limited school advantages."

"WHERE do you do your love-making? Do you do it indoors or out? What members of the family take part?"

We are about to learn the answers to these intriguing questions. The unmarried lady who heads the subcommittee on Housing and Family Development of the President's Conference on Home Building and Home Ownership has incorporated them in what must be the blue ribbon questionnaire of all time.

It covers six printed pages, each eight

by 11 inches and has in the neighborhood of 500 blanks to be filled out.

The compiler wants to know what your income is, where the children "keep collections of such things as colored glass, stones, turtles or whatever is the interest of the moment," what changes would add to sociability and what things about the house annoy the wife.

One section is devoted to an "activity list" and the questionnaire asks:

"Check on the following table all the activities in which you have engaged during the past three days in your home. Indicate the room or rooms used if possible. In the last columns is a rating scale on which you may express your degree of satisfaction with the facilities which your house provides for the activity mentioned. Express this degree by circling a figure on the scale. If you consider the facilities perfect draw a circle about the (4). If you consider the facilities entirely inadequate draw a circle about the (0). If the activity listed does not take place in your home draw a line through it."

Then comes a list of 35 activities starting with (1) cooking and ending with (35) learning new skills, and including, in addition to love-making: Eating meals, smoking, being alone, sunning one's self, bathing, treatment of accidents, being with others for pleasure of company, canning fruit, care of pets, making collections of stones, nature collection, etc.

And with a franked return envelope!

AND next we pick up a letter from the morning's mail, from Edward Greenstein, of William J. Boas & Co., Philadelphia, who writes apropos of Russia, "Please remember that the United States of America at one time was despised by other nations and called a menace, and she proved that new ideas can sometimes be used to benefit the human race. Only time can tell whether Russia is right or wrong."

THE patience which many of our well intentioned public officials show in pushing this and that plan to change over the world instant, reminded a caller of the following story:

"There was a young woman in my home town who had been very, very carefully brought up, shielded from the world, almost cloistered. She married. The morning after the wedding she looked around the room and exclaimed: 'Why, where is the baby?'"

M.T.

Breakfast in New York TODAY



Luncheon on Pacific Coast TOMORROW



New York to the Pacific Coast with only one business day en route! The Great Lakes to Texas, from San Diego to Seattle in one day's daylight hours! Chicago to New York in 6½ hours! Then remember that this experience is a common, matter-of-fact, daily occurrence—for time-conscious business men and women who fly United Air Lines.

Air travel offers a new kind of transportation, comparable to no other. It is fast, interesting, dependable. With "United" you fly in big, luxurious, heated and ventilated tri-motored planes. Plan now to experience this modern way of travel. One flight will show you why miles flown in commercial aviation have jumped from 6000 in 1926 to 750,000 in 1931—passengers, from 20,000 to 450,000!

United Air Lines offers you
100 Boeing and Ford planes powered by

"Wasp" and "Hornet" motors... 150 licensed transport pilots... 2-way voice radio communication between pilots and ground stations... U. S. Government directive radio beacon service... 4 experts aground for every pilot aloft... 6119 miles of Department of Commerce improved and lighted airways... complete U. S. Weather Bureau reporting service.

Call United Air Lines in your city, or Western Union, or transportation desks at leading Hotels and Travel Bureaus for reservations, or write or wire UNITED AIR LINES, La Salle-Wacker Building, Chicago, Illinois. A Booklet describing "United" operations and routes will be sent upon request.

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Group Insurance was originated twenty years ago by The Equitable. In its various forms, it is used to:

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2. Provide disability benefits in event of sickness or accident.
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OF THE UNITED STATES

THOMAS I. PARKINSON, *President*

393 SEVENTH AVE., NEW YORK, N.Y.

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A New Fight for Freedom

BUSINESS, already timorous, contemplates with mingled feelings of dread and doubt the rising torrent of legislative proposals which are urged in its behalf.

It is everywhere evident that the management of public affairs is requiring more and more hands and heads, more and more money. Great numbers of our people are identified with the pay rolls of our national, state and local governments. And these numbers are ever mounting, whether the times be good or bad. Yet job-holding is not the sole impelling force toward the continuity and enlargement of the public services.

Herbert Spencer, economic statesman, writing 50 years ago, clearly saw our present situation when he said that

a comparatively small body of officials, coherent, having common interests, and acting under central authority, has an immense advantage over an incoherent public which has no settled policy, and can be brought to act unitedly only under strong provocation

and that

an organization of officials, once passing a certain stage of growth, becomes less and less resistible,

and also that

the more numerous public instrumentalities become, the more is there generated in citizens the notion that everything is to be done for them, and nothing by them. Each generation is made less familiar with the attainment of desired ends by individual sections of private combinations, and more familiar with the attainment of them by government agencies; until eventually, government agencies come to be thought of as the only available agencies.

How deeply we are involved in these instrumentalities readily appears in the fact that the Federal Government ended the fiscal year with 616,837 citizens on its pay roll, an increase of 7,922 over June 30, 1930. And an announcement of the Civil Service Commission reveals 468,000 positions subject to competitive examination under the civil service act, a gain of 5,967 for the year.

Thomas E. Campbell, chairman of the Civil Service Commission, points out that the Federal pay roll now averages \$150,000,000 exclusive of the military services, as compared with \$115,000,000 in 1927. This means that the Government is paying out \$100,000 a day more than it did four years ago in salaries and wages.

But it is in the constant encroachments on the field of individual and local resourcefulness that we get at the new spirit of government—a spirit too frequently nourished by members of the business community. We have today a plurality of proposals for government props to distressed industries. Credit pools of one sort and another are projected with engaging eloquence and plausible importance—the railroads are in a hole, real estate is on the rocks, holders of farm mortgages are in trouble, the farmers can not make the grade alone, banks need more backing, instalment paper needs eligibility at Federal Reserve Banks.

And from business to public aid . . . a bond issue is urged to complete the inland waterways improvements . . . the recommendation that the present Bureau of Education be expanded into a department with a Cabinet head . . . the incipient pressure for a national department of communications . . . the habitual pressure for pensions and "compensations" . . . the increasing socialization of the practice of medicine and the care of mothers and children . . . measure on measure to get government deeper into our businesses, our schools and our homes. Let deficits mount, let revenues dry up, let borrowings rise, our eager appropriators still can think only in millions.

To survey the proliferation of twig and branch on the simple trunk of government is to raise the question of whether the Government exists for the benefit of the governors or the governed. When we begin to inquire where this luxuriant growth leaves the independence of the citizen we come upon the classic answer to the man who lost his hat in a theater—"Are you sure you had it when you came in?"

Protracted indifference of the spending power to the interests of the ultimate source of public money may bring revolt. Already there are signs of reasoned rebellion. Burdened and ignored, the bedeviled taxpayer—and there are millions of him—is in a receptive mood to read revolution into his New Year's resolution.

Mere Thorne



WHAT NEW IDEAS FOR YOUR ANNUAL MEETING?

(Some Suggestions)

Ideas that help sales! Ideas that cut costs! Both affect profits, of course. Here are a few suggestions which may help in your search for new ideas.*

(a) MODERNIZATION

Often surprising cost reductions can be effected by slight revamping of an existing plant which will simplify the entire layout and permit of new straight-line production methods.

(b) "CONTROLLED CONDITIONS PLANT"

The most revolutionary development since straight-line production was introduced, a quarter century ago...saves up to 30% in production costs and reduces plant investment up to 40%.

(c) PROFITS IN BRANCH PLANTS AND WAREHOUSES

Quicker service to the customer and reduced delivery costs help develop new territories. Many firms have not intensively cultivated the Pacific Coast—Southwest—the Atlantic Seaboard—Canada. An Eastern manufacturer saved enough in freight charges alone to pay for a new branch plant near Pittsburgh in 3 years' time.

(d) SALES AND SERVICE UNITS

A new avenue to sales through new facilities which intensify local sales and advertising efforts. Result:—better service, better customers, better profits. Austin's analytical engineering is backed by broad experience in widely diversified businesses and types of projects.

(e) STEAM PLANT SAVES \$40,000

In a recent case, instruments, as is always true, failed to show the *incorrectness* of steam plant facilities. A survey and report by Austin, followed by the owner's prompt action, resulted in savings of \$40,000 the first year. Often losses "blush unseen" because steam cost for a single product is insignificant, but aggregate annual losses reach impressive figures.

(f) RESEARCH LABORATORIES

The "idea factory" that helps you *sell more* because of a new or improved product, or/and helps *reduce production costs* through quicker, better, yet less costly processes, designs or methods. Austin can offer helpful suggestions and provide proper facilities, compatible with the need and investment justified.

(g) FLEXIBILITY OFTEN THE ANSWER

A new plant sufficiently flexible in layout and design, which can be operated profitably at fractional capacity, is the answer in many cases. For many firms, now operating in multistory buildings or in several scattered single-story units tremendous savings can frequently be made...often sufficient to write off a new plant investment in less than 5 years.

Even though you do not need new buildings now, new developments offered by Austin are so revolutionary and so remarkable in profit opportunities that you should investigate. When the Vice-President and General Manager and two other officials of a large corporation (over \$200,000,000 annual volume) spent a whole day investigating one of these developments, isn't it worth a half hour of your time—without obligation—to see the surprising facts and figures?

*Financial assistance is also offered on new construction or modernization for progressive management

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NB 1-32



NATION'S BUSINESS

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MERLE THORPE, Editor

JANUARY, 1932

VOL. XX No. 1

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Faith and Works



Sun Life had sold, was selling or would sell such securities.

Because NATION'S BUSINESS dislikes rumors and because it believes the way to learn the truth is to go straight to headquarters it wired to T. B. Macaulay. Straight back came this answer and we print it because it is a message of courage, a message of faith carried out in works that ought to shame timid hearts on this side of the border:

"During these depressed times the Sun Life has not sold and has no intention of selling one single share of its holdings of American stocks either preferred or common. Bad times will not and cannot last forever. Nothing can permanently hold back this continent.

"No one knows just when prosperity will return, but that it will return is as certain as that tomorrow's sun will rise. When that time does come people will look back on these days as a period of opportunity which cannot be expected to be repeated during the lifetime of most of us. The American or Canadian who loses faith in the future of his country has temporarily lost his perspective and is a mere victim of mob psychology."

First Aid by Federal Funds



rowed before next July \$1,700,000,000 and by June 30, 1933 another \$900,000,000, larger sums than the Government has ever before borrowed except in war years.

Then it is suggested that we pile on that, perhaps \$500,000,000 for a Reconstruction Finance Corporation, \$100,000,000 to be added to the Federal Land Banks, \$30,000,000 to the Intermediate Credit Banks.

THE Sun Life Assurance Company of Canada has over a long period bought largely of common and preferred shares in American industry.

There have been rumors that the

And some folks would have us raise anywhere from \$1,000,000,000 to \$5,000,000,000 for public works in order to put at work men now unemployed. Others would have a sum anywhere from \$1,000,000,000 to \$2,000,000,000 devoted to paying off the adjusted compensation certificates.

And there are others, plans for navy building, plans for Federal Home Banks, all of which will draw sums from the Federal Treasury. And always more permanent office holders, and more bureaus.

And who shall pay? Oh, never mind that! What's the taxpayer for? And there seems always to be that simple faith that it is the other fellow who pays. Is it?

The Government borrows and borrows from its citizens who demand interest and that interest and the wages of the men who write the checks for that interest come from the taxpayers' pockets. Or the Government raises part of it by taxation and the landlord and the merchant, as they pay their taxes, add to the rents and the price of goods.

Ordering the dinner is agreeable, but paying the check isn't so pleasant.

Where Will the New Taxes Hit?



INCREASED taxes and taxes from new sources seem inevitable. The number of congressional leaders who propose that the country should borrow to tide over the emergency and trust to a future recovery of business to save the situation has dwindled to the vanishing point.

Most of our federal taxes come from three sources: incomes, corporation and individual; tobacco, and customs duties. These three yield the bulk of the national income. For the fiscal year, ended June 30, 1931, income taxes yielded us 1,860 million dollars, tobacco, 440 million dollars, and customs, 360 million dollars.

More revenue may be derived from incomes but there are difficulties. Tobacco taxes for the year ended June 30, 1931 were less than for the preceding year, but the falling off is not considerable. The prospect of a considerable increase in customs revenues is slim.

Whence shall new revenues come? There is already

discussion of a revival of the tax on automobiles. It will be justified by some as a luxury tax—a doubtful description in our present civilization—by others on the ground that the Federal Government contributes largely to the building of roads and that automobile owners should pay a part of this expense.

There will be proposals for taxes also on many things—radios, moving picture admissions, bank checks among them. Advocates of a general sales tax at the point of transfer to the consumer will find themselves confronted by the difficulty of setting up an enormous federal machine to reach the countless places of sale from the city department store to the roadside vendor.

Who Shall Pay For Government?



A PROPOSAL to increase the number of persons taxed by lowering the exemptions is sure to find favor in many quarters. It will be supported not merely as a means of increasing revenues but on the ground that it will improve the morale of the country. As one distinguished Senator put it recently:

"This country belongs to all of us and as far as possible all of us ought to contribute to its support. If we had more men and women paying their share of government, however small that share, we should have more men and women asking what becomes of their money and we need that."

We have a population of 120 million of whom about 60 million are eligible to vote and of whom less than two million paid a tax on incomes received in 1930. It is interesting to compare with these figures the 23 million passenger autos registered in the United States on December 31, 1930 and the 12 million radio sets recorded by the census of 1930.

Social Reform by Taxation



ALL TAX problems are complicated by the desire to mix up two purposes, one the raising of revenues and the other the accomplishment of social changes. One group

proposes that we greatly increase taxes on the higher incomes in the hope that it will lead in some vague way to a more equitable distribution of wealth. Others would increase the number of taxpayers to add to their sense of responsibility to their government. "Tax luxuries" is a cry and men who raise that cry seem to feel that taxing luxuries is a way of checking the use of things of which they do not really approve.

Little Robert Reed who regarded tobacco as "a filthy weed" because

"It stains the pocket, burns the clothes
And makes a chimney of the nose,"

would probably have assented to a tax on tobacco that would make humanity either bootleg its tobacco or do without.

Anyone who proposes to tax necessities would be howled at yet if the purpose of taxation is to raise revenue why not levy on those things of universal and continuing use? Our ancestors who taxed salt weren't as foolish as we sometimes think our ancestors must

have been. Salt was of universal use, its price was low and a tax on it added so little to the price that consumption would not be greatly discouraged. But no statesman will propose a tax on salt. It is pleasanter to try to work other reforms by tax levies.

A Plea to Stump Speakers



TO THOSE grave and reverend Senators and others who tell us how fast the rich grow richer, how little there is left for the plain folks who work and save that they too may have something, we have one request to make: "Please! Oh, please! bring your figures up to date!" One statement in particular we want corrected. It runs something like this:

"There are 504 individuals in the United States whose annual incomes are over one million dollars and whose total incomes are 1,185 million dollars."

Truly booming and impressive figures, and at one time correct as to *taxable* income of which about 700 million dollars was capital gains.

But now the Government has revised them, or rather 1930 revised them. The 504 becomes 149; the 1,100 million becomes 350 million.

The rich grow poorer, it seems, on occasion, along with the rest of us.

Lo, the Poor Rich Man



THE FIGURES of incomes and income taxes for 1930 suggest other things: How, for example, can our extremists in tax bill drafting expect to "soak the rich" when the rich have already been soaked?

Let's make an entirely arbitrary definition of "rich man." He's a man, we'll say, who pays taxes on an income of \$50,000 a year or more—that is, his income is 5 per cent of a million-dollar investment.

In 1929 there were about 40,000 such persons and their total taxable income was about 6,000 million dollars. In 1930 there were fewer than 20,000 such persons and their income was 2,500 million dollars.

The whole income tax picture for 1930 as compared with 1929 is on the same lines. Aggregate net incomes reported by individuals for 1929 were 17 billions, for 1930 about 10 billions while the tax liability dropped from about one billion to half a billion.

No one questions that incomes in 1931 were less rather than more than the 1930 figures. If you doubled the rates the return on 1931 might not yield as much as those on 1929 incomes.

Why a New Department?



THE REPORT of the President's National Advisory Committee on Education ought to get a cordial response from business for one point which it stresses:

That school management should not be centralized in Washington but should be left to the states and to smaller political units.

Here's a pertinent sentence from the report:

The political domination of education by a remote central gov-

The Need for Restored Confidence

NATIONS and individuals all over the world are in a state of nervous hysteria. Governments are apprehensive not only about their ability to balance their budgets, but, in some cases, about their stability. Business is stagnated and business men are fearful lest they may be unable to pay their debts. The banks have plenty of money but those to whom they are willing to loan it do not dare to borrow, because they are unable to estimate when their business will resume its normal volume.

What is needed most is the restoration of confidence. Why should we not have this confidence? We have had at least 17 of these cycles of depression in the last 120 years.

The depression of 1837 was, in many respects, much worse than this and lasted five years. Then there were the depressions of 1857, 1873, 1893, 1907, 1914 and 1921. We came out of all those valleys and went to a higher and greater prosperity than ever before.

While I would not minimize present conditions, I feel very strongly that we are emphasizing too much the evil factors and that we are overlooking the great natu-

ral resources of our country and the splendid courage and enterprise of our people.

You here in central Illinois need have no fear of starvation. Many of your ancestors endured and overcame hardships and reverses much greater than any you will experience.

Therefore, I say, let us awaken in ourselves the latent spirit of our forefathers. Let us have an abiding confidence in the fundamental soundness of our American institutions, in the enduring principles of our government. Let those who are complaining of their lot here go to some other country, any other country, and see how much better off we are than the people of any other nation on earth.

Let us cease to whine about depression and devote ourselves to the diligent performance of our daily duties, confident that the day is not far off when the sun will again begin to cast its warm rays upon a happy and prosperous people.

SILAS H. STRAWN

*President, Chamber of Commerce of the U. S.,
before the Decatur, Ill., Chamber of Commerce*

ernment, managed by administrative officers far removed from local conditions and sympathies, has always led to the evils of bureaucratic unresponsiveness to local and to changing needs, to bureaucratic standardization, red tape and delay, and to official insensitiveness to the criticism of far-distant parents and citizens.

But with that admirable sentiment in mind why did the Committee go on to recommend that "a Department of Education with a Secretary of Education at its head be established in the Federal Government?"

The Committee proposes that the United States Office of Education now in the Interior Department be the nucleus of the new department of education and that other existing federal activities dealing with education be transferred to the new department.

No doubt supporters of the new department will argue that they are proposing no considerable added expense, but merely rearranging existing units, but the fact is that a new department is bound to justify its existence by more bureaus, more divisions, more employees—and more money.

A Security Salesman Repents



There has been a stir among investment buyers and investment sellers by the publication of a book called "Scapegoats," by Julian Sherrod of Dallas, Texas. Mr. Sherrod was, according to his own preface, a salesman for "one of America's greatest financial institutions engaged extensively in the world-wide retail distribution of securities."

Mr. Sherrod wrote and published the book as a

paper-covered pamphlet and sold by word-of-mouth advertising 10,000 copies. New York publishers heard of it and now it has been issued by Brewer, Warren & Putnam in more orthodox form, but censored as to the names of the securities which Mr. Sherrod sold.

In the pre-crash days, one gathers, Mr. Sherrod's customers and Mr. Sherrod himself reaped profits and were happy. In post-crash days profits disappeared and Mr. Sherrod and his customers were unhappy.

As the price of the securities he had sold began to shrink, Mr. Sherrod's conscience began to trouble him. Mr. Sherrod's family intended him to be a minister and he was a schoolteacher, which may help explain his conscience and certainly accounts for his ability to quote pointedly from the Bible, chiefly from the Old Testament.

Mr. Sherrod's protest is chiefly at the excessive salesmanship of investment companies. To him "the sale of many billions of these 'securities' constitutes the grandest swindle in the history of the world."

Mr. Sherrod's main contentions are for the separation of banking and investment selling and for a greater restraint on the part of that industry.

In our ten years of post-war prosperity there was much talk that business ethics were improving and that the rule, "caveat emptor," no longer need apply. Yet it remains true in the sale of securities as in the sale of other things that the buyer must look well about him and must accept the consequences of his own judgment.

There are others than Mr. Sherrod who think that

commercial banking and investment selling should be kept apart. Several of our great banks have parted with investment companies and one New York institution advertises as a virtue:

"A Conservative Banking Principle
No Securities for Sale."

American Individualism



CHARLES A. BEARD devotes ten pages of *Harper's Magazine* to first creating and then destroying "The Myth of Rugged American Individualism."

Much of his article is devoted to reasserting (what NATION'S BUSINESS has sadly proclaimed on more than one occasion) that it is the business man himself who writes the Government into business—usually, of course, into some other man's business.

But the remedy is not to bring the Government into more business. Nor is it true, as Professor Beard says, that "in the minds of most people who shout for individualism vociferously, the creed, stripped of all flashy rhetoric, means getting money; simply that and nothing more."

Professor Beard speaks critically of the United States Chamber of Commerce but there's none of its executive officers, nor one member of its Board of Directors who thinks of life solely in terms of making money.

Business has faith in individual opportunity as opposed to a government control which spells death to initiative. To quote Professor Beard himself:

"Individual initiative and energy are absolutely indispensable to the successful conduct of any enterprise and there is ample ground for fearing the tyranny and ineptitude of governments."

Unemployment De Luxe



A GENERATION ago Coxey's Army straggled across the country to protest against hard times and unemployment.

We have just had another march, a "hunger march," of the out of work. They came to Washington to ask unemployment relief.

But how different their modes of progress. Coxey's Army traveled on its feet, lived from hand to mouth. These new protestants against conditions ride in automobiles for which they pay cash. They have places to sleep in the towns through which they pass and can pay for their food. Their unemployment protest gives employment all along the line.

It is hard to think of a French Revolution whose followers could hire carriages in which to ride.

One Plan Board in Operation



TO THOSE who clamor for economic planning boards either for particular industries or for all industry, we commend a consideration of one great industry which

has had for some years a planning board—government created. The industry is the railroads, and the board is the Interstate Commerce Commission.

The eager proponents of planning boards may rise to say: "Oh, but that's not the kind of board I meant."

Perhaps not, but its powers are great and not unlike those proposed for many "economic councils." It can fix prices of the industry's product, it can encourage or prevent consolidation, its approval is needed before plants can be closed down or new ones erected.

These are only a few of the Commission's powers as a planning board. Is the condition of the railroads such as to encourage industries to set up a board of control under governmental supervision?

Who Is Hurt by British Tariff?



GREAT BRITAIN began its protectionist policy by putting a 50 per cent ad valorem duty on a list of 23 kinds of manufacture. Not every classification hits the manufacturers of the United States, but this country and Germany will be chiefly affected.

Here are some of our exports in 1930 to England which figure in the list:

Domestic Glassware	—\$500,000, largely bottles.
Metal Furniture	—\$629,000, mainly office fittings.
Cutlery	—\$1,400,000, safety razors and blades.
Tools	—\$1,800,000.
Electric Vacuum Cleaners	—\$1,065,000.
Radio sets	—\$822,000.
Typewriters	—\$3,300,000.
Wool manufactures	—\$547,000, chiefly bathing suits.
Silk hosiery	—\$420,000.
Paper	—\$3,000,000, but not all varieties are affected.
Rubber heels and soles	—\$100,000.
Perfumery and cosmetics	—\$1,500,000.
Linoleum and oil cloth	—\$940,000.

In 1930 we sent to the United Kingdom about \$678,000,000 in goods. So this first outburst of protection in that country does not imply much immediate danger to the United States, except to some individual manufacturers.

Broadening the Federal Reserve



PROPOSALS to extend the rediscount powers of the Federal Reserve system will come from many quarters this winter. Congress will be asked to give the banks power

to discount instalment paper—more politely called consumer credit—real estate mortgages, and loans on securities.

To all these proposals there will be stern opposition in Congress. As a senator who is much interested in the Federal Reserve system put it:

"The Federal Reserve was intended to assist the commercial bankers of the country in relieving the tensions, seasonal and otherwise, in business. It was not intended as an adjunct of investment banking or an assistant to speculation.

"It has always had ample power and funds to perform those functions and to those functions it should be confined. There may be needed changes in its methods of operation but its basic purposes should stand."

Tragic Eras of American Business

1873-1879

By WILLIAM BOYD CRAIG

Of the staff of NATION'S BUSINESS

"THE PANIC."

With this simple headline, in letters less than half an inch high, the New York Times announced the beginning of the panic of 1873. In the matter-of-fact story which the Times carried on September 19, 1873, there was little indication that the country was in for perhaps the worst commercial catastrophe in its history.

The country was prosperous, apparently, just before that depression, which began with a crash of stock prices and failures in Wall Street. If it was not a real or solid prosperity, it was, at least, impressive. Speculation, promotion, "progress"—these were the watchwords as the momentous decade of the 'seventies came into being. Few doubted that tomorrow would be a more glorious repetition of today. The only dark clouds were on the political horizon.

True, politics was not conducted on what might be termed a high moral plane. Horace Greeley remarked, after his unsuccessful campaign of '72, that he sometimes wondered whether he was running for the presidency or for the penitentiary. And, the next year Edwin Lawrence Godkin, founder and editor of the New York Nation, wrote:

"We are making money fast enough, in all conscience; what needs fostering just now is honesty. The Government must get out of the 'protection' business and the 'subsidy' business and the 'improvement' business and the 'development' business."

And then suddenly, as the literary minds of the movies would have it, "Came the Dawn," and with it came a headache which was to last six years. Speculation, overproduction, and over-expansion were intoxicants; fraud and



The Panic of 1873 as viewed by the "Graphic"



AMERICAN business has weathered 20 depressions. This article is the first of a series describing those panics in the words of the people who went through them. Compare their suffering with yours. Do you agree with Mr. Thorpe who declared over the radio "in the past hundred years our depressions have become less and less severe. In another hundred years what we now know as depressions may become merely sluggish periods of business"?

downright robbery brought the climax.

To the average citizen, wherever he happened to be, there were, in 1870, few portents of impending disaster. The previous year had seen its Black Friday, but the effects of the attempted gold corner were felt by financiers and speculators rather than by business interests or the general public. To the man in the street the stories of Gould, Drew and Fiske were simply diverting episodes in a somewhat confused dramatic spectacle. The masses did not seem to be involved.

Stockholding was not a universal custom. If Jubilee Jim Fiske could remark, at the end of an unsuccessful attempt to fleece Jay Gould, "Nothing is lost save honor," his cynical mirth did not cut deep into the national consciousness. Railroads, banks, and mills did not count their shareholders by the thousands. It was an era of individualism of the more ruthless sort.

The accounts of the economic situation which reached the eyes of the inland merchant, manufacturer, or laborer were unconnected and uninterpreted. Piecing together his information, the citizen could, however, tell that all was not well in the land. As the decade wore on, little improvement was noted. Perhaps it was just as well that the business man of the sad 'seventies was not given a day by day account of the progress of his depression. It might have depressed him past all recovery. It was a tragic era for business as well as for politics.

"Part of our workmen are asking charity which few can afford to give, while another

part are demanding wages which no one can afford to pay."

This statement is from the St. Louis Daily Globe for January 1, 1875. If the newspaper reader of the 'seventies got but a sketchy picture of the economic situation in the news columns, he found little more in editorial comment. Magazines, with a few exceptions, did not descend to the lower planes of commercial or economic discussion. They were very, very literary. And yet, here and there in the newspapers of the period

THE DAILY GRAPHIC



Contemporary views of the panic. Left, "A Hard Winter for the Poor." Right, "The Bugbears of the West," paper money, grasshoppers, potato bugs. Below, "Economy—the Lesson of the Great Panic."

THE DAILY GRAPHIC



THE DAILY GRAPHIC



can be found significant notes on the trials which business and the public were facing, even though the economic side was not emphasized.

"Business was generally dull yesterday."

That line appears again and again all over the country in the meager accounts of market news. Unless an important failure took place, commercial news could only be found on an inconspicuous inside page. On such a page on May 10, 1873, the New York *Daily Herald* listed 239 firms which had failed in the past few weeks. These were among the largest in the city. It estimated that 200 more had gone down. Twenty-five suspended banks were likewise named. The leading journals usually contained less than a page of commercial news. Politics and corruption, often one and the same, held the chief interest of the editors of the day.

Depression wasn't news

AND there were great editors. "Marse Henry" Watterson was making his Louisville *Courier-Journal* famous; William Cullen Bryant was doing for New York journalism with his *Evening Post* what his "Thanatopsis" had done for American poetry; Horace Greeley was electrifying crossroads store conferences with his New York *Tribune*. It is curious that such men saw little news value in the important events in commerce.

Heavy Civil War expenditures and low public morality contributed to this depression, according to one authoritative account. Public morals, indeed,

were closely approaching an all time low. The newspaper as we know it had not yet been born. Just what and how, then, did a Pittsburgher or a Californian or a Missourian know of the depression of the 'seventies?

"The work of recuperation from the panic goes on but slowly. Business is far from active," says the Pittsburgh *Daily Dispatch* for July 16, 1874. It might have added that such growing industrial centers as Pittsburgh, St. Louis, Chicago, Cincinnati and others had much to recuperate. Promotions of every sort—railroads, lotteries, port developments, town and country bond issues, bridges, canals, land speculations—these and other forms of financing had drained much currency into operations not immediately remunerative. Rails were still made of iron and the overcapacity of all types of iron mills was great.

The collapse of the bond market meant that railroad construction ceased. In turn the iron mills put out their fires. When they fired up again, after several years, many of them were no longer iron mills. Steel, meanwhile, had proved its superiority in many fields. The iron

mills which were not closed as a result of the financial panic were closed afterward because of labor troubles.

"All puddling furnaces at Pittsburgh and west are stopped, pending labor troubles. A large number of mills have stopped or will within the next ten days unless the men accede to the reductions demanded."

This was a typical notice which came as a New Year's greeting in 1875. And, if a Pittsburgh business man happened to read of the industrial conditions in his own state as reported by the *Globe*, at St. Louis, he would have known that:

Fear of new tax laws

"THE railroad development of this most fertile and prosperous state (Pennsylvania) has come to a standstill, as it has done in Wisconsin and in Minnesota and in Missouri and for the same reason—the dread that laws (tax laws) will be passed which will amount to actual confiscation."

The same business man might have been a bit puzzled at the notice of change which was impending in the use of steel in place of iron. Could he have guessed the full implication of such a notice as the following, regarding the erection of the Meier Mill at Bessemer in 1874?

"When steel rails can be made at \$85 per ton at a profit, there is not much probability of iron rails long being used."

Today better rails are considered high at \$43 a ton.

The laboring classes at this time were

Irish, Welsh, and English as well as native. They had settled by the thousands in western Pennsylvania and Ohio. For the most part they had gone to work for the Scotch-Irish. Unorganized at first, they soon became unionized, although the steel industry opposed collective bargaining and encouraged the immigration of Middle Europeans because of their docility. The relationship between wages and purchasing power had not yet been discovered. Long hours and low wages were regarded by the first industrialists as assets. The bitter feeling engendered broke out in bloody rioting, first by the rail workers, and later in the steel mills.

Straightforward news items

NONE of the fancier economic terminology of the present was to be seen in the press of the 'seventies. The simple headline "Failure of Jay Cooke" was a fair sample. "Temporary recession," "period of readjustment," or even "depression" were unknown terms. No mention was made of the fact that conditions were fundamentally sound. The simple phrase "hard times" seemed to fit the situation, and it was used generally. Even "panic" was not a frequent word. And a fatalistic spirit seemed to pervade. When the Pittsburgh *Daily Dispatch* told its readers in October,

1874, one year after the beginning of the hard times that wages of all iron workers of the district had been reduced, the same paper added that it was hoped that the suffering in the ranks of labor during the coming winter would not be unduly severe.

What else did the business man of 1875 see in the papers which told him that all was not well? Among other things, he read of the murders of the Molly Maguires, a ruthless gang operating in the Schuylkill Valley, in eastern Pennsylvania. This was a curious combination of outlaw band and pseudo-labor union. Its gangster operations made the organization of legitimate unions far more difficult in mine, rail and mill fields.

Accounts of outrages by tramps and other unemployed gave the reader a sense of the lurid in what were otherwise conservative papers. Explosions, fires, wrecks, and murders seem, in looking backward, to have been uncommonly common in that decade. Perhaps starvation, hate, and sabotage had little to do with the public disasters of the times, but the implications are inescapable.

Later, on October 6, 1877, the reader learned through his daily papers that serious riots had taken place near Reading, Pa. Employees of the Reading Railroad had attempted to destroy

property of the road as a protest against wage cuts. A number of workmen were indicted, charged with riot, stopping engines, tearing up tracks and the successful burning of bridges. The unions, he might have noted, were not connected with the disturbance although some of the rioters were union men.

By 1877 the industrial communities were described as "a weary and aching mass of unemployed." Wages were steadily being forced down. In that same year the first major railroad strike in the country occurred on the B. and O. at Martinsburg over a proposed wage reduction. The militia joined with the strikers and federal troops were called. The uprising was suppressed. The same federal troops were next sent to Cumberland to stop another rail strike there. The Pennsylvania Railroad shortly after suffered property damage of \$3,500,000 at Pittsburgh.

Grasshoppers plagued Kansas

ALL sections of the country were reporting serious difficulties. Grasshopper plagues in Kansas stripped the country in the middle 'seventies, according to eye witnesses, of absolutely every crop except tomatoes. Previously this product had been grown as a curiosity, and was familiarly known as the "love apple." Necessity brought it into general use as a food.

Perhaps it was an indication that masses of people wished to keep their minds off sterner measures that baseball grew rapidly in popularity during the early 'seventies. Good teams were springing up all over the country.

Gloomy prophets were plentiful. The eminent James Parton,



How different generations of editors reported the hard times of 1873 and the depression of 1929

Closing Bid and Asked---4:45 Stock Ticker

SPORTING FINAL
★★★★★
BID AND ASKED PRICES

The Sun

NEW YORK, THURSDAY, OCTOBER 24, 1929

SPORTING FINAL
★★★★★
BID AND ASKED PRICES

MARKET PANIC IS CHECKED BY BANKERS IN GREATEST OF ALL TRADING SESSIONS

ASSASSIN TRIES TO KILL CROWN PRINCE OF ITALY

The Duke of Calabria and the Princess of Naples were the targets of a shot fired from a balcony in Rome.

EMPIRE CITY RESULTS

CHARLES ON PAGE 17

SWEARS HE TOOK MOTOR CAR PUT \$10,000 CASH TO ON RAILS BEFORE WARDER'S HOME

Defendant Testifies That He Put Ferraro's Money in Official's Hands.

CLOSING PRICES OF LEADING STOCKS

Stock	Price
Am. Express	100
Am. Tobacco	100
Am. Sugar	100
Am. Oil	100
Am. Gas	100
Am. Electric	100
Am. Telephone	100
Am. Paper	100
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biographer and lecturer, was telling crowds in New York City that democracy and universal suffrage had been proved failures. The disgraceful scandals exhibited by men in public life have probably not been exceeded in any period of the nation's history.

The origin of the antagonism which still lingers against large corporations can be traced to this period when railroads and mills used their size and power ruthlessly against the interests of the masses.

The New York *Daily Graphic*, on September 3, 1873, thus salutes the "big business" interests of that day:

"A great deal has been said about the frauds of government officials; but the Atlantic and Bulls Head banks in this city, and the Trust Company in Brooklyn, the Vermont Central Railroad, and a hundred other concerns prove that, after all, the speculations and frauds of our government officials are trivial in comparison with the defalcations and crimes of our great corporations and their agents."

The same paper adds that "We all know that, a year or two ago, the Erie road was in a condition in comparison with which simple bankruptcy would have been bliss."

The rivalry between city dwellers and rural residents flared up during the 'seventies. Wheat was becoming a major product in the Prairie States. Ranchers and farmers alike blamed the city-

owned railroads for exorbitant freight rates. In May, 1877, the Baltimore *Sun* observed that "the cry of hard times still comes from the West." The editor points out, however, that the farmers are in a better position than the merchants and manufacturers and laborers in the East.

"Businesses of all forms have suffered and to the poor stagnation in trade means privation. On the other hand there is a certain self-sufficiency about farming which gives country districts a stability which industrial centers could not know," this editor said.

Competing money standards

ALL through the period a bitter controversy raged over gold, silver and paper money. The bankers wanted a gold standard, the farmers and small business men were divided between inflation and the free coinage of silver. In the sections where metal money was scarce the depression came earlier and was more severe than in the Far West where both gold and silver were the usual mediums of exchange. Perhaps the difference was only psychological. A typical statement of the conservative viewpoint is the following from the Pittsburgh *Daily Dispatch* in October, 1874:

The Ohio Democracy have abandoned their old doctrine of hard money and committed themselves to inflation, rag

currency and repudiation. If this type were allowed power it would bring ruin and disaster on the country, the extent of which, no one, however acute his vision, could foresee.

Meanwhile, on the West Coast the natives were congratulating themselves that they were not in the same position as their countrymen beyond the Rockies. The prosperous San Francisco *Call* pointed out in 1875 that 85 million dollars in gold and silver was produced in the state the previous year. It estimated that, in 18 years, nearly a billion dollars in gold and silver had come out of California mines. The number of advertisements for both male and female help far outnumbered the notices of those who desired positions.

What were then known as term deposits were solicited at 12 per cent interest. This, however, was a more or less general rate of interest throughout the country until 1875 at least. It meant that \$50 or more left more than six months with a brokerage house would draw interest on a basis of 12 per cent.

With the failure of a large San Francisco bank in 1877, some of the promotional activities of the Coast were checked for a time but no widespread slump appears to have followed.

A different situation would have greeted the traveller who entered New York City just after the failure of the House of Cooke. Angry throngs crowded the streets and the bar rooms of downtown New York. The New York Stock Exchange was closed for ten days. To forestall rioting, the mayor had three busts of George Washington carried through the throngs of milling financiers. This was calculated to have a pacifying effect.

Even small children trudged with their parents in a fruitless search of employment. Employment agencies were jammed from morning until night. All eastern banks ceased specie payment for 40 days. Just before Christmas in 1873, at a mass meeting at Cooper Union, placards were displayed which observers declared did not exaggerate the situation. The signs read:

10,000 HOMELESS MEN AND WOMEN IN OUR STREETS.

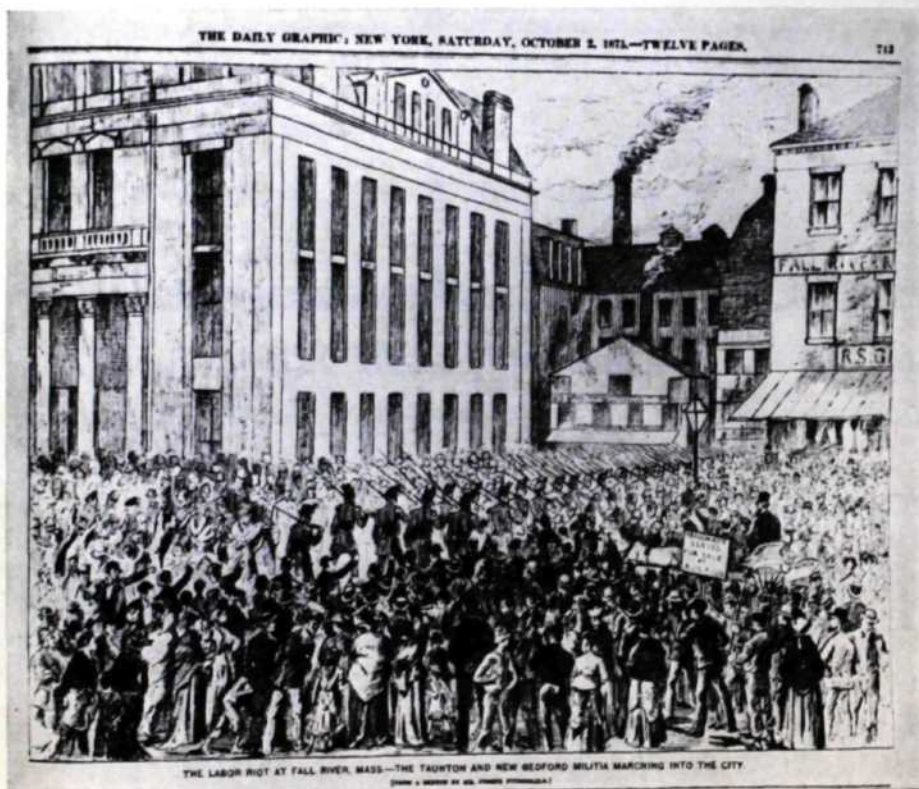
182,000 SKILLED WORKMEN BELONGING TO TRADE ORGANIZATIONS OF THE STATE IDLE.

110,000 IDLE OF ALL CLASSES IN NEW YORK CITY.

And the temper of the times might have been read in the slogans which carried political significance:

CIVIL RIGHTS HAVE PASSED, NOW FOR THE RIGHTS OF WORK.

(Continued on page 72)



THE LABOR RIOT AT FALL RIVER, MASS.—THE TAUNTON AND NEW BEDFORD MILITIA MARCHING INTO THE CITY.

Labor troubles added their bit to the confusion of 1873. Militia sometimes joined the rioters. Then federal troops were sent

Hunting the 'Riskless Investment'

By FREDERICK H. ECKER

President, the Metropolitan Life Insurance Company

●
SHOULD common stocks be back of your insurance? That was a lively question in 1929. Mr. Ecker, who has a hand in investing about \$1,500,000 a day, said no. What has the depression shown?

IN VIEW of the fact that the managers of American mutual life insurance companies are persistently questioned with regard to their choice of investments, and particularly as to why common stocks are excluded from their companies' investment portfolios, it seems pertinent to begin an explanation of the general practice by first examining the fundamental relationship which the companies bear to their policyholders. Once the nature of that relationship is understood, its effect on the use of company funds immediately becomes apparent.

Essentially and consistently the insurance company is a trustee. Its business is to receive, accumulate, and distribute funds assembled either at one time or by periodic accretion. It is expected that interest from wide investments will increase these trust funds.

Right here we get at the basic consideration in meeting the obligations of trusteeship. The primary and guiding consideration is the security of the principal. Accompanied with this should be a steady and uniform interest accretion. Where these requirements prevail, the actual rate of interest must always be secondary.

The investment of life insurance companies is restricted to certain categories prescribed by statute. In the final analysis, however, whether under the guidance of a statute, an instrument, or the pure discretion of the trustee, the soundness of the investment depends on the judgment of the trustee or the company.

No law, and no direction by the



Frederick H. Ecker

creator of a fund can absolutely eliminate the risk of loss. No investment, not even at the so-called "riskless rate" of interest, can be absolutely infallible. The institution of life insurance, though, aims to minimize and absorb any losses through the wide distribution of investments and the setting up of contingency reserves, the purpose being to prevent these losses from reducing the payments due under our contracts to beneficiaries.

Protection against loss

SO IT is that the managers of life insurance feel that the investment should be such that the principal is adequately secured and at all times protected by a subordinate interest of others, in the nature of a secondary lien or proprietary ownership, an interest which may be expressed as a cushion against loss on the part of the primary interest.

What this attitude means and how

well its wisdom has been demonstrated I shall endeavor to show by the experience of my own company. Inevitably we come to questions involving common stocks, railroad securities, and mortgage loans.

At the annual convention of the Association of Life Underwriters in Washington on September 26, 1929, I spoke on the trend of life insurance investments.

On that occasion, I explained why I believed that life insurance companies should not invest in common stocks. I differentiated between the sacred character of life insurance funds and the investment by individuals or corporations who are not charged with such a trust.

Some three weeks later, an advocate of the purchase of interests in equities as life insurance investments addressed the American Life Convention on the subject, "Should the Portfolio of a Life

Insurance Company Include Common Stocks?" That speaker said:

"If you would allow a few of the best applicants in now, learn to choose them, associate with them, learn their habits and companions, I feel sure that you would not in time turn your cold shoulder to them as Mr. Ecker did a month ago! The greatest obstacle is the fact that you do not really know the common stocks I am asking you to associate with."

Depreciated 57 per cent

THE speaker listed between 40 and 50 common stocks which I think any experienced investor would characterize as a most select list. Such stocks had either no bonds or practically no funded debt ahead of them. They were the stocks of outstanding companies. Both before and since that list was presented, these companies, for the most part, have been well managed.

Recently I got some figures on those stocks. They were significant.

The average depreciation in market value of those stocks between the date of the address and June 30, 1931—some 20 months—was 57 per cent.

I submit that the list which that speaker advocated has been demonstrated to be unsuitable for the purpose of life insurance investment. Considering the exceptional character of those common stocks, I submit that this amply demonstrates that this class of securities does not and will not meet the requirements of life insurance.

In expressing this view, I must not be understood as being opposed to common stocks, as such, nor to that form of investment for certain purposes, but I do assert that they are not the type of assets which should be included in a life insurance company's portfolio.

Compare this record of common stocks with the record of the type of securities generally bought by large mutual life insurance companies. I have no figures for the other companies, but, in general, their investment policies are much like ours, and I have obtained some figures relating to our own investment account.

On December 31, 1929, our company had in its portfolio some 1,300 separate items of bonds and preferred and guaranteed stocks, the latter within the prescription of the so-called Wales Act of New York. The market value of these assets on that date was approximately \$1,200,000,000. Between December 31, 1929, and June 30, 1931, securities of a market value of approximately 74 million dollars matured or were sold

out of that portfolio. Our net profit amounted to something more than a million dollars.

The securities remaining unmatured and unsold on June 30, 1931, had then a market value of \$1,139,000,000, which, taken with the amount matured or sold, showed a total of \$1,213,000,000. Thus, in market value of securities still owned, plus market value of securities sold in the interim, the company had a profit between December 31, 1929, and June 30, 1931, of approximately 13 million dollars.

Lest some one raise the point that the difference in our securities was computed as of December 31, 1929, while that relating to the securities listed in the address I mentioned was computed as of October 17, 1929, I have had a separate computation made. This shows that, notwithstanding the depreciation in market values of stocks between the upset of October, 1929, and December 31, 1929, the common stocks referred to had depreciated in market value between December 31, 1929, and June 30, 1931, by somewhat more than 30 per cent.

While these figures bring out that our company's securities appreciated between the dates mentioned, that is not the fact which I wish to stress so much as the fact that during this period of severe financial depression, our diversified investments have exhibited a stability which we believe is inherent generally in the types and methods of investment followed by legal reserve life insurance companies.

Market prices of no interest

FURTHERMORE, although I have mentioned market values to make a comparison in results with those of common stocks, it should not be overlooked that, by law, bonds held by life insurance companies and not in default are valued on an amortized basis. Market values, as such, are of no present significance except in the case of bonds which may be in default.

Daily quotations or market values of investment holdings are less important to life insurance companies than to some other financial institutions because the liabilities of a life insurance company, which are the claims arising from outstanding policies, mature over a period of time which is figured with remarkable accuracy by our actuaries with the aid of well proven mortality tables.

Nevertheless, it is interesting to see how life insurance investments have stood up market-wise during the present financial strain. Between December 31,

1929, and June 30, 1931, the market value of our government bonds, our municipals, our public utilities and our miscellaneous group, covering industrial securities, increased. The railroad securities alone declined, but only approximately .8 per cent. Since June 30, 1931, the decline in market values has continued to be relatively less in our class of investments than in other listed securities.

Of the bonds in our portfolio railroad securities have suffered most and some comment may not be out of place on the general situation of railroad credit. Even in this type of investment, the bulk of underlying bonds continue to be in good standing. The difficulty has arisen in certain types of overlying bonds. Possibly, this condition may be traced to the nature as well as the current problems of the railroad business and the substantial reduction in earnings, which, combined, have engendered a lack of confidence in the carriers' ability to weather the storm.

Railroads are hampered

THE railroad business requires vast capital expenditures, not only for the original plant, but for constant additions and improvements. The investment in plant and equipment is from four to five times the gross earnings. From such gross, 70 per cent to 80 per cent is required in normal times for operating expenses, including maintenance and taxes. From the balance must be paid interest charges amounting, roughly, to ten per cent of the gross, and only from the remainder are funds available for improvements and dividends, if any.

Obviously, with such a high percentage in operating expenses and fixed charges, it is impossible in a period of depression to reduce the cost of operation in proportion to the loss in gross earnings and, as a consequence, net earnings suffer out of all proportion to loss in traffic. When business picks up again, the net earnings of the railroads will improve faster than the increase in gross might give reason to expect.

The general lack of confidence in the railroads is most evident in the market value of their junior securities, many of which are selling practically at receivership prices. True, the quotations are wide and a comparatively small volume will cause wide fluctuations. Nevertheless, railroads which have maturities to meet or which face necessary heavy expenditures have difficult financial problems.

Looking at some of the fundamentals

involved, one may question whether the "flight of capital" from the railroads is entirely justified. Certainly railroad credit is at low ebb and confidence is sorely shaken. This was illustrated recently when a comparatively small issue, amply secured on the credit of one of our strongest railroads, put out by a banking house with the very highest reputation, was absorbed by the market to the extent only of about 25 per cent. The offering would not have been a success if the remaining 75 per cent of the issue had not fortunately been placed with one investor.

Fair return is not earned

HOWEVER, the law provides that the roads are entitled to a fair return—that rates should be fixed to yield as nearly as may be 5.75 to six per cent return on their valuation. This percentage of return cannot be regarded as too great, in view of the fact that the courts have held that seven per cent to eight per cent are fair returns on property investment used in a public service.

In connection with the contention sometimes made that not all the property of the railroads is employed in useful public service, it should be said that the Interstate Commerce Commission's tentative valuation on Class I railroads, based on pre-war values, plus additions and betterments, and less depreciation, brought down to the end of 1930, was approximately \$21,500,000,000.

But according to a formula used by the Interstate Commerce Commission in a recent decision which gives more weight to present-day values as required by the United States Supreme Court, this figure should probably be increased to somewhere between 25 and 26 billions.

The total property investment of the Class I railroads according to their own records, is slightly more than this. The capitalization of the railroads, however, both bonds and stocks, is somewhat less than 19 billions, of which less than two-thirds is in bonds. Certainly this gives ample margin for writing off in the valuations of the railroads any of that type of property which may not be required or is not necessary in a public service.

Then it is not conceivable that the country can get along without the facilities which the railroads provide. It scarcely can be claimed that the railroads are being superseded by other means of transportation. Recent public statistics on internal commerce freight tonnage, exclusive of that carried on the Great Lakes, show that, in 1929, the

railroads carried more than 89 per cent, pipe lines just short of six per cent, motor trucks three per cent, inland waterways 1.5 per cent, electric railways and airplanes together making up the remainder of slightly more than .5 per cent of the traffic.

Problems of regulation and unfair competition on both the highways and the waterways remain to be solved in the public interest and it may be expected that such projects will be carefully studied.

We are passing through a period of transition and readjustment, and even though some of our railroad securities may be unable to weather a period of depression, it does not follow that the railroad business as a whole is no longer sound. The carriers, at the moment, are in dire need and a way must be found to increase earnings. I have confidence that this will be accomplished.

It should be remembered that, in the emergency of 1920, freight rates were increased from 25 per cent to 40 per cent. This restored confidence in the railroads. It enabled them to command capital and laid the foundation for a great improvement in railroad service. It was not long after that increase that the railroads were able to and did grant reductions.

Mortgages have proven good

SO MUCH for the railroads. Now let us turn our attention to loans secured by first mortgages on improved real estate, a form of investment which always has been a favored type of security for all sorts of trust funds. The foreclosure of mortgages securing bond issues should not be confused with mortgage investments of a trustee character, that is, individual mortgage loans adequately secured and protected by sound equities.

Taking again the figures of our company which, no doubt, reflect the experience of all the mutual life insurance companies, I find we had invested in mortgages on city property at the end of 1929 more than \$1,150,000,000, and the total amount of properties owned through foreclosure then amounted to .159 per cent of the investment total.

At the end of 1930, on outstanding mortgage investments of more than a billion and a quarter, the foreclosed properties had increased to .322 per cent. On June 30, 1931, with a total of \$1,300,000,000 in such investments, the foreclosed property totalled six tenths of one per cent.

The foreclosures, in percentages, are still small but they reflect present conditions. On a large volume of business

some foreclosures are inevitable, but losses are not necessarily the final result. It may more accurately be said that a temporary change occurs in the form of investment. The fact is, our company has had a surprisingly favorable experience. Over a period of years, such foreclosed properties have been sold—taking the total of all transactions—at a substantial profit.

Investment without speculation

THERE is nothing in the present outlook to warrant fear that we may not be able to continue to find safe investments at satisfactory rates of return. Life insurance funds are predicated upon a certainty of payment in an eventuality named in the contract. So far as possible the element of chance should be eliminated and the funds should not be subject to the hazard of speculation.

In other words, there is a place for the employment of the accumulations of life insurance companies in the sound economics of our business affairs. Until the world is ready to conduct business without credit, funds of this character are a necessity, and the withdrawal of the life insurance companies from the present field of investment would be bound to have a disastrous effect on business activity.

In view of the increasing magnitude of such funds, even now exceeding the government debt and being much more than doubled every decade, this becomes a factor of importance second only to the factor of safety in making such investments.

The natural law of supply and demand should be allowed to operate freely in directing the use of these funds. Money will always find its way into appropriate enterprises having regard to their importance to the public interest and to the localities where it is most needed. Only one state has essayed a compulsory investment act and, in consequence, its citizens for years paid the penalty of a larger interest rate than their neighbors.

The trend of life insurance investments will, I think, be toward securities that are best adapted to the requirements of the business from the viewpoint of safety, interest return and maturity. Consideration of the sacred nature of the trust cannot be overemphasized. It is imperative that nothing shall impair the integrity and absolute reliability of the contracts. The public confidence must never be shaken. Nothing in the nature of an undue risk or of a speculation should be tolerated.

No Business Can Escape Change

★ **NEW products and new ideas, based on sound analyses of public needs, promise to pay extra dividends during the new year that is dawning. More than ever, business men must be alert to sense the changes and readjustments which must inevitably come during 1932**

FUSE plugs for household use are eliminated by a new type of circuit breaker which opens automatically when the line's load limit is exceeded, closes when the extra load is removed. . . .

A NEW unbreakable attachment cap for electric cords, made of soft rubber, has a hand grip which makes detachment from plugs easy. . . .

A RECENTLY developed decorative lighting fixture for porch or garden electrocutes insects attracted to it. . . .

THE latest foe of moths is an automatic electric moth ball. A cord plugs into a light socket, heat from a small bulb inside the ball vaporizes the chemical filler. . . .

AN adjustable amplifying attachment for telephones has been developed for the use of the deaf. . . .

STABILITY of ships at sea is exactly measured by a new gyroscope-and-pendulum device which indicates the ship's metacentric height to the inch. It may be adapted for use in aircraft. . . .

EQUIPPED with a new type of demountable hinges, doors can be removed simply by lifting them up. . . .

A NEW product acid-proofs cement mortar joints and coatings. It is said to be immune to sulphuric, muriatic, hydrochloric and other strong acid solutions. . . .

THEN there's a new cement which is itself proof against water and all acids save hydrofluoric. It's for use in construction and maintenance of pickling and galvanizing tanks. . . .

BY A new process, a permanently adhering lead coating, of any thickness, can be applied to metal surfaces, either in the shop or in the field. . . .

TESTS are being made on a new automobile finish, described as neither lacquer nor varnish. Several coats are sprayed on, sanded down, given a glass-like finish by baking. A more durable finish at lower cost is claimed. . . .

A SYNTHETIC, hard, yet flexible, glaze surface distinguishes a new low-cost wall material, which is made up in a sanitary-tile finish. . . .

THE cut edges of a new asphalt shingle are protected with an extra coating of asphalt and crushed rock, sealing in the saturant and assertedly giving a much longer life. . . .

A NEW forced-feed faucet extracts plastic cement and fibred roof coatings from metal drums without removal of drum heads. It needs no priming, mixes as it extracts. . . .

A NEW system of drying buildings is being tested. It is said to produce greater hardness of plaster after four days than naturally dried plaster has after two years. . . .

THE first dye from petroleum was recently produced, on a laboratory basis. It's a bright yellow. . . .

A NEW chemical compound is designed to control sap stain and prevent mold in air-dried lumber. . . .

ADDITION of a recently developed product to either calcium or sodium brines is said to render them permanently noncorrosive to iron or steel equipment. . . .

BY ADDING from .25 to one per cent of a new pure hydrocarbon oil to proper grades of motor oils, their qualities are said to be improved and expensive processes for removing excess paraffine wax made unnecessary. . . .

IN A new form of check, payee's name is a facsimile of his signature. Pay rolls are quickly and easily prepared, "padding" is prevented, and payee's identification is as easy and positive as with a traveler's check. . . .

A NEW rolled structural steel floor is composed of interlocking sections which may be bolted, riveted or welded. It's said to combine strength with comparative lightness. . . .

NEW glass-blowers' goggles; opaque to yellow light of incandescent sodium, transparent to the rest of visible spectrum. . . .

COLD cream now comes in booklet form, a thin layer between two sheets of tissue, outsides of which are used as cleansing tissue after the cream is applied. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from industrial and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.

What's Likely in Washington

A Letter to Our Readers from Willard M. Kiplinger

DEAR MR. BLANK:

I'll try to fill you in on the trend of Washington developments since you were here last, paying minimum attention to daily news which you can get from newspapers, and maximum attention to private talk. As you know, there is often difference between what men say for publication and what they really think.

Congress, High Points FIRST, let me tell you what I think Congress will do in the six months which are just ahead.

Raise taxes 600 to 700 millions, not a billion; raise income taxes, raise estate taxes, add a lot of special new sales taxes.

Increase government expenses, increase current borrowings, make some credit expansion or inflation, leading to strengthening of commodity prices a few months hence.

Appropriate large sums for "revolving funds" for the relief of various weak financial situations.

Appropriate large sums also for unemployment relief, public works, "loans" for this and that; but no direct dole; and no cash payment of veterans' bonus, for presidential veto stands in the way.

Revise banking laws moderately, not drastically; maybe branch banking within state lines; no general opening up of Federal Reserve Act, no great amount of liberalization of rediscount eligibility rules; ease up but not cure the bank failure situation.

Create, probably, a government finance corporation with many functions, to use public credit where private credit fails, pure state socialism in the financial realm.

Make no general tariff revision; this will come in 1934.

Make no vital amendment of the Agricultural Marketing Act, despite wishes of organized business; add no equalization fee or export debenture schemes—can't hurdle the veto. No further radical steps for agricultural relief. No moratorium on farm mortgages. Some additional capital for Federal Land Bank systems; will strengthen farm loan bonds. No new regulation of commodity exchanges of a disturbing nature.

Revise the antitrust laws in minor ways; let natural resource competitors get together a bit; reorganize the Federal Trade Commission and give the trade practice conference procedure a definite legal status.

Set up a federal home loan system, perhaps.

Consider the railroad predicament, do a few emergency things for it, but postpone consideration of fundamental policy a year or two yet; talk government ownership, but not vote it.

"Bad Congress?" No YOU asked how "bad" Congress would be from the business angle.

From the standpoint of business sentiment, Congress will be very "bad." There will be wild proposals, panacea schemes, plans for billions of dollars of special appro-

priations for this-and-that whenever some constituent of some member of Congress has a bright idea. There will be bitter talk from the floor. The daily news will give the impression that Congress is on a rampage, and many business men will be scared to death.

But remember that when the session ends there will be little new legislation of fundamental importance on the books. Reason—Majorities of both parties are essentially conservative. Even if political pressure forces through some ill-considered measures, the President will be looking for a chance to stop it, for vetoes are always more popular than unpopular.

Congress will seem much more wild than it actually is.

Political Experiments YOU will be interested in knowing that a number of conservative members of Congress talk this way:

"Last year we lay low and didn't rock the boat because business pleaded for a chance to bail out and sail along. Now, a year later, business leaders have not demonstrated their effectiveness in dealing with pressing problems, so Congress is fully justified in doing some political experimenting. The experiments may not be always sound, but they will be no worse than the drifting policy of private business."

You can hear things like this in two-thirds of the offices at the Capitol.

Business Outlook YOU inquired about the Washington view on future business.

Let's count out the political officials' expressions, for they often say what they think sounds good, regardless of the facts.

Let's consider the private opinions of all sorts of Washington men outside political spheres. Here is substantially what most of them think: Business probably has passed the low point of the depression, but business is still bad and will continue unsatisfactory for four to six months. Improvement is not just around the corner. Unemployment will be high in the next couple of months. The process of weeding out the inefficient or marginal business units will continue indefinitely, and the sooner we all realize this, the better for us.

The European situation is very precarious and will continue so for some months, regardless of occasional patchings. Germany cannot pay her debts and the creditor nations and private bankers do not agree on which debts or whose debts shall come first. No one agreement, no one conference, can untangle the snarl of conflicting interests. England also is skating on thin ice. France's affairs are on the decline, temporarily, at least.

The business outlook in the United States six months hence is a subject of guess-work. My own guess is that things will be better, particularly if we all get it out of our heads that forces external to our individual selves or to our nation will lift us up.

Don't assume that the Washington spirit is gloomy.

It is merely grave. It is not influenced much by the sentimental fluctuations which occur from week to week. Particularly in stock market circles.

Eventually—Betterment EVENTUALLY we shall have normal business. I don't know when, but I think two or three years hence.

The next decade will be a period of continuous readjustment—decline of some industries, rise of others, ascendancy of many businesses now small, better distribution of wealth, the "rich" being less rich but still plenty rich, the "poor" being less poor, the emphasis shifting a bit toward what we call "service," the reward being slow growth of public recognition of "service." Ultimate general improvement is to be expected.

In our understanding of social and economic organization we are still adolescents, and we've got to take some more lickings before we grow up.

Inflation IT IS inevitable that before this winter is over we shall have some form of credit expansion. Whether it becomes "inflation" depends on how far it goes, but it is safer to think in terms of moderate expansion. Theoretically, the result will be to raise prices to some undetermined extent.

My opinion is that expansion (or inflation) will come mainly through increasing the borrowings of the government—federal, state and local. It will be a little like the Liberty Loan campaigns, but on a smaller scale. Federal Reserve policies will be modified gradually, if necessary, to increase the banks' powers to absorb new government borrowings. There are various ways of doing this—but there will be no inflation by the printing press route.

It is doubtful whether the Federal Reserve will embark on any big scale program of buying government securities in the open market as has been widely advocated. There will be no five billion dollar bond issue for public works, though a billion is possible.

The Treasury's fiscal position is certainly not helped by this business of living beyond our current income for two or three years. It is a strain. But government credit can stand another two or three billion dollars of expansion of public debt.

There is more fiscal anxiety about 1933 than 1932.

Tax Increase FOR the past six months, it has been clear that federal taxes, and most state and local taxes, would have to be raised this year.

Higher individual income tax rates, sure. Higher estate rates, sure. Higher corporation income rates, possible but not sure. Various excise and special sales taxes, sure, though it is difficult to predict just what the congressional vote trading will land. Higher tobacco taxes, doubtful—you already pay six cents tax on every standard package of cigarettes, even if they cost as little as a dime. General sales tax, politically impossible now.

During the next five or ten years you will pay more and more in taxes to the local, state and federal governments. The trend is definitely this way.

What we need but do not have is a better system of allocating the tax sources among the federal, state and local governments.

Relief Stuff IT IS the same in every city as in yours—the community chest can't carry the full load. The city must provide funds, and raise taxes

and issue bonds. Some states must help out some cities. The Federal Government is being asked to help out some states and localities.

You must expect some scattered appropriations of federal funds as "loans" for various relief purposes, perhaps a couple hundred millions of this sort of thing.

A direct federal dole is highly improbable.

The pressure is for more money for more roads, more public buildings, more public works, more jobs. Substantial appropriations may be made along these lines. It is frequently said about the Capitol that if private business will not provide jobs for the unemployed, then the Government must do what it can to provide them.

I doubt whether we shall get any system of federal aid for those states which establish insurance systems. The subject is still too new in Congress to get through to the final stages. There will be gestures and investigations, but the issue will be postponed. It really isn't an emergency proposition, but a long-time plan.

Whether eventually we get state systems of unemployment insurance funds, with participation of public funds, depends on how fast employers move toward creating their own private systems. I doubt whether they will move fast enough to suit public sentiment. Many state systems of compulsory contribution to a state fund are probable, therefore, in the next few years.

Socialism OF COURSE we are adopting various socialistic measures very rapidly. The interesting point is that most of these are initiated by conservative business groups themselves. Business as a whole deplores state socialism, state aid, and state control; but business groups individually rush to get subsidies, government loans, government umpiring of their intra-trade disagreements, and government regulation of their competitors. I don't say this is good. I don't say it is bad. I merely point it out.

Anyone in Washington takes it for granted that socialistic ideas will be adopted in considerable numbers in the next few years. They will come one at a time to meet some particular immediate situation. Some persons are alarmed and some are not. The rapidity and extent of the movement depends on whether business units cooperate adequately on socialization plans of their own, without awaiting political dictation. The Swope plan, the Chamber of Commerce plan, the semi-liberal attitude of some groups of organized business are good signs, but they must make rapid progress beyond the talk stage.

Socialists are gaining strength. Communists are gaining a bit, but are not a real menace.

The trouble with most of the liberals, socialists and outright radicals lies in their ignorance of the mechanics of business. They are sentimentalists.

The trouble with the business leaders is that their individual abilities, by which they have forged ahead in their particular fields, are not broad enough to permit them to cooperate in the social interest without political prodding. They know best what ought to be done, but they don't snap into it.

It is remarkable that business leaders have made as much progress as they have toward a liberal attitude of mind in the past two years. The next step is for them to translate good intentions into good deeds.

Tariff CONGRESS will not get around to any tariff revision. It may make a few specific changes, such as in oil, but I doubt it. Democrats and Progress-

sives together could revise the tariff if they chose, but they do not choose. They would rather play safe before the elections and limit themselves to denunciation of the "iniquities" of the Hawley-Smoot act.

There is a growing congressional sentiment for making the Tariff Commission report flexible revision recommendations to Congress instead of to the President. The flexible tariff has not lived up to its advance advertising.

Democrats talk about reducing the tariff by ten per cent a year, but this probably will be put off until after the new Congress is elected. Then the Democrats hope to have a working majority.

Talk of a new policy of tariff reciprocity is significant. It means a change in our whole foreign commercial policy, away from the former reliance upon most favored nation treatment. It means going in for some moderate form of tariff bargaining. This is probably coming but it is several years off.

Downward tariff revision will be attempted by one party or the other party in 1934. National sentiment within the United States is undoubtedly for moderation. The world tendency unfortunately is toward bigger and better barriers, and it is going to be a big job to break these down.

Agriculture YOU ask whether Congress will repeal the stabilization provisions of the Agricultural Marketing Act, by which government funds are used to support commodity prices. I doubt it, not because anyone seriously objects to repeal, nor because stabilization as it has been practiced has many real friends, but simply because the agrarian interests will insist sentimentally on retention of this, providing they do not get the equalization fee or export debenture plans. They will not get these. The President would veto either and the veto could not be overridden.

The Farm Board does not expect to resort to any more stabilization with government subsidy loans, however, even if the authority is kept in the law.

You will see agrarian interests making threatening gestures against the protective tariff on manufactured products late in the session.

Note how the Farm Board's self-criticism of the stabilization which it has practiced sounds much like trade criticism of it a year or two ago.

Banking IT SEEMS probable that new legislation will provide for branch banking within state lines, for public examination of security affiliates of member banks of the Reserve System, for little broadening of the eligibility standards of the Reserve System, for member banks' reserves on the basis of velocity of

turnover of customers' deposits, and for some mild experimental measures looking to unification of the nation's banking system some years hence.

Bankers and banking will get from this Congress more public criticism than any single class of business men. This will apply primarily to investment bankers, secondarily to commercial bankers.

There is a sharp growth of interest in bimetallism, as a means of cheapening money and raising prices.

It is impossible to foresee any important action by this Congress on silver, however.

There will be much talk about business planning but no definite legislation.

Anti-Trust TWO things to watch:

1. Liberalization of the anti-trust laws for the benefit of the natural resource industries.

2. Legalization of the trade practice conference procedure under the Federal Trade Commission.

There will be no legislation for "advance advisory opinions" by any government agency. No discretion will ever be given by Congress to some government body, such as the Federal Trade Commission, to decide what forms of trade agreement or what combinations are in the "public interest." Congress must decide these questions of broad public policy.

There are too many false hopes regarding repeal or vital revision of the anti-trust laws.

Congress will find a way of preventing the railroad financial structure from collapsing, perhaps by government loans.

If labor finally accepts wage reductions they will be tied up in such a way

as not to help the railroads much in the emergency.

Commodity Exchanges SOME legislation to strengthen government regulation of commodity exchanges may be enacted, but it will be mild. Everyone would like to find a way of preventing bear raids (and, theoretically though not actually, bull raids) but no one knows just how to do it. One purpose of the legislative threats is to scare the exchanges into doing the best they can against "conspiracies."

Muscle Shoals IT IS doubtful whether Muscle Shoals will be settled at this session. Private lease or sale will be held up by the Progressives. Government operation might get through Congress but would be vetoed. Senator Norris controls the situation, and probably will let Muscle Shoals slide, hoping to have what he would consider a "better President" in 1933-34. Some strengthening of the au-

(Continued on page 97)

IN ONE sense, W. M. Kiplinger is a peculiar person. He is a writer, but he seldom writes for publication. He is a letter writer. He and his staff of co-workers write thousands of letters a year, some duplicated and widely circulated, some to small groups, some to individuals. His correspondents are all business men. His specialty is observing, analysing and forecasting Washington developments affecting business.

The letter published herewith was written to a business man whose name is deleted.

The Editors do not agree with some of Mr. Kiplinger's comments, but present them as points of view prevailing within Washington. The letter has not been censored.



2 • Popular Fallacies of Business BY CHARLES DUNN

★ "The bankers finally got him." Poor old Horsfall once had a prosperous button business. He borrowed money from the banks and paid them interest. He was a good customer. But the banks finally managed to starve him out so they could take over his emaciated business and run it themselves. See them gloat. If they could starve all their customers to death the banks would be as prosperous as—well, as prosperous as any business would be without customers

Distorted Truth Makes Fallacies

By WARREN BISHOP

Managing Editor, NATION'S BUSINESS

MEN fall in the way of repeating something which sounds plausible; something that they'd like to believe. And anyway it's easier to repeat than to think a thing through. As Nietzsche said:

"Many a man fails to become a thinker for the sole reason that his memory is too good."

Take a common phrase, "He's got money lying idle in the bank."

That's easy to remember and to repeat and even the simplest thinking through calls for some effort.

But does money "lie idle in the bank?" Here's a bank executive, H. R. Smith, who manages the Analysis and Research Department of the Bank of America of San Francisco, who writes to NATION'S BUSINESS and shows the folly of the statement in a few words:

Permit me to nominate for the "Gallery of Popular Fallacies" the oft heard statement that

"Money deposited in a bank is idle money. Think of the millions and millions of dollars lying in the banks doing nothing. Draw out your money and spend it, thus putting it into circulation."

On the contrary, money deposited in a bank works, and works hard. A moment's study of a bank statement reveals the truth. What happens to the dollar that you deposit in a savings bank? That dollar puts on overalls and goes to work.

About 25 cents will go into the financing of a home, paying for

Lumber, plaster, cement, hardware, plumbing, electrical supplies, glass, etc.;

Carpenters, masons, plasterers, paper hangers, plumbers, electricians, and gardeners.

Approximately 20 cents will be invested in bonds, enabling

Municipalities and states to build highways, bridges, schools, etc.;

Public Utilities to build power plants, transmission lines, gas tanks, street car lines, water works, telephone and telegraph systems, etc.;

Railroads to buy new rolling stock, lay new rails, build new freight and passenger handling facilities, etc.;

Industry to buy machinery and build plants.

About eight cents will be invested in U. S. Government bonds, enabling the

Government to aid navigation, control floods, build federal buildings, and keep the wheels of government turning by paying pensions, salaries, etc.

About ten cents will find its way into commercial paper and bankers' acceptances, thus aiding the business man to finance his current operations, buy his raw material, pay his labor, and market his product.

Another 30 cents will be loaned to thrifty citizens, to help them buy securities, so this 30 cents also builds factories, schools, bridges, and railroads and pays for raw material and labor.

That leaves seven cents, which the bank holds partly in its own vaults and partly on deposit with other banks.

Many fallacies are built on a stratum of truth or half truth. Here is one assertion which we have put in our gallery of fallacies and which always stirs dissension among our correspondents.

The cost of advertising

"THE consumer pays more for advertised goods," or "Advertising increases the cost to the consumer."

The statement in either form is, as a whole, fallacious. Restated like this, "Advertising may be used to support an artificial price level," it becomes more nearly true. But our readers have been quick to challenge the statement in the forms first quoted.

A. B. ZuTavern, president of the Commercial Text Book Company of California, writes:

Every month I get a great deal of valuable information from NATION'S BUSINESS.

I am afraid you are not going to accomplish much through your articles on "Popular Fallacies" unless your writers offer better evidence in their defense. Facts and statistics can be made to prove or disprove anything. As long as there is a half truth in any fallacy, there is a doubt in my mind that people are being misled.

It is going to take more evidence than your articles contain to prove that horses have not been displaced by automobiles, that machines have not displaced human workers, and that advertising decreases the cost to the consumer. (For example: Cigarettes cost more today than they did before advertising began merely shifting the smoker from one brand to another.)

I should like to see a discussion of the fallacy, "Put your money in diamonds, because you can always get your investment back."

And a lawyer in Ohio, who asks us not to use his name, goes at it as follows:

1. Given an article of merit, it can be, and is, by liberal advertising, sold at a price wholly disproportionate to production cost.

2. If the advertising is sufficiently prolonged, it will, in the mind of every one except a cost accountant, gradually produce the impression that the price charged is a fair price for the article.

3. This association between price and package will eventually be so strong that even a competitor dare not sell at materially less than the asked price of the advertised article, lest people will think his brand inferior.

In section 2 of his letter our lawyer friend makes in a somewhat different form the assertion I have made, that advertising can be used to maintain an artificial price level. I doubt if the most devout worshiper at the shrine of advertising would contradict that. Such efforts are not always, perhaps not often, successful. Competition comes in too keenly. I think certain safety razors might be cited as showing that prices can not always be maintained. On the other hand some toilet preparations might illustrate that prices can be maintained. Acceptability by the consumer plus effective advertising makes the public somewhat indifferent to price.

Safety in diamonds

MR. ZUTAVERN, whose letter is quoted above, asks for some consideration of the fallacy "Put your money in diamonds, because you can always get your investment back."

Oddly enough, a week or two after his letter came, one was received from William E. Marcus, Jr., President of Marcus and Company, Fifth Avenue jewelers. One would hardly expect a jeweler to rank as a fallacy the assertion that "Diamonds are a good investment," but Mr. Marcus does and gives these reasons:

This statement obviously is a fallacy, if the popular conception of the word "investment" be accepted as meaning "a money-back policy."

If over a period of time, the value of an article were to increase steadily, eventually the forced sale value would equal or ex-

ceed the original retail price. Such was the experience of diamonds, culminating in the unprecedented peak of 1919. The inexorable workings of economic factors were responsible—a well regulated and controlled supply and an abnormal demand caused by the war. This condition made it possible for a limited period to cash old jewels for more than they cost some years previous.

Of course, it was a reckless jeweler who would claim as an argument in selling, that diamonds were a good investment, as he had no means of knowing whether the upward trend would continue, and if so, for how long. Diamonds bought in 1919 not only could not be converted into cash for their original retail price during the ten years which have followed, but would not bring even half as much.

But to get back to our fallacy theme, the fallacy is in the assertion as always true or generally true that "advertising raises the price to the consumer." It doesn't.

Business and elections

ANOTHER old friend who challenged one of the assertions which we have called fallacious is Walton L. Crocker, president of the John Hancock Life Insurance Company, who writes:

The title, "Next Year will be an Off-year because of the Election," is not so far off the center in my opinion. Your friend's suggestion that every presidential year is a bad year indicates that he is somewhat off the rails by classifying the saying as a fallacy.

If you were a business man, I don't believe you would extend your business or even go ahead with it on a normal basis, if you were approaching an important election contest year. The issues might be such as to seriously affect organized business operated by individualistic capital in the event of the success at the polls of a party representing radical opinions.

The germ of truth under this fallacy brought out by Mr. Crocker is that business may hesitate to undertake new enterprises in the year of an election. But let's look at the facts. On my desk is the Cleveland Trust Company's Chart of American Industrial Activity since 1854. In the main it agrees with most other similar graphs.

Let us go back a dozen election years:

ABOVE NORMAL	BELOW NORMAL
'88 (Harrison)	'84 (Cleveland)
'92 (Cleveland)	'96 (McKinley)
1900 (McKinley)	1904 (Roosevelt)
1912 (Wilson)	1908 (Taft)
1916 (Wilson)	1924 (Coolidge)
1920 (Harding)	
1928 (Hoover)	

So there's no great balance one way or the other on whether election years are or are not good for business.

Early in November NATION'S BUSINESS printed one of its series of fallacy advertisements in the *Saturday Evening Post*. The advertisement was headed:

"We oughta Jail the Speculators!" and set forth that all business and in fact all living involved a certain amount of speculation, that all insurance had its element of risk, that the merchant who bought his goods was taking chances and then said:

"In the South the grower of cotton, and in Australia the grower of wool, likewise speculates on the price at which he may sell to the manufacturer."

Attacking the speculators

IN THE mail one morning we found that page torn out and this written in one corner:

Don't you think you're really presenting some very puerile arguments? Do you know the difference between the cotton planter who grows 200 bales in a year and the fellow who sells it six months before it is grown, and, thus forcing down the price so he can buy it back at a profit, takes all chance for profit away from the planter?

C. B. HADDON

Cotton Experimental Station
St. Joseph, La.

Yet, the same day A. Roger Kratz, who is Professor of Social Ethics at the Evangelical School of Theology at Reading, writes us about the advertisement as follows:

"We oughta Jail the Speculators!" This statement shrieks at me from a full page advertisement in a journal of national circulation. It is characterized one of the popular fallacies of business by Merle Thorpe, Editor of NATION'S BUSINESS, a publication of the United States Chamber of Commerce. Mr. Thorpe then goes on to expose the alleged fallacies contained in this attitude.

Fighting fire with fire is an approved and effective technique. Fighting fallacies with fallacies is also a much used technique although not morally and intellectually commendable.

The manufacturer who sells the merchant a bill of goods does not do so by vague guesswork. Supplies and prices of raw materials are reasonably stable and known. Labor, at a given place, at a given time, of a given type, is all an open book to the intelligent manufacturer. Machinery for fabricating goods is least of all speculative. What it will do is known with great exactness. One could scarcely cite an illustration farther from speculation than the raw material, the labor, the looms and spindles necessary in manufacturing processes.

In fact, when a manufacturer ceases to have productive manufacture as his chief interest and becomes a speculator in reality, then he fails to function properly in the social process. In a rising market he may stock up on raw materials in excess of his custom and needs, hoping thereby to make a speculative profit. Perhaps he succeeds in making such profit. Perhaps he buys too near the top and has to take a costly or even ruinous inventory loss. In either event his speculative activities have been non-constructive, in contrast to the constructive

nature of his legitimate and non-speculative manufacturing activities.

The advertisement in question says, "Soberly studied risk is a decisive element in all business." This statement is wholly true. Wholly false is the clear implication that soberly studied risk is the same as speculation.

In developing his proposition that manufacturing is free from speculation, Mr. Kratz lists an imposing array of factors which he implies are "constants," from which, that is, the element of speculation may be entirely removed. We will grant that his argument is sound—as far as it goes. However, he entirely ignores the fact that a thousand things may happen today, or tomorrow, which will restrict or entirely wipe out the market for the product his man is manufacturing. He takes the position that production is the manufacturer's chief aim. It isn't. The chief aim is sales and sales must depend on public taste. That is speculation, because, as Mr. Thorpe pointed out in his radio address of November 5, "speculation is risk-taking. It is a process in which we back our judgment with our means and stand to win or lose in the changing values which time and circumstances put upon our estimate of the probabilities.

Many types of speculation

"NARROWING speculation down to the stock market, we find—to quote Donald Rea Hanson—four distinct types: First is the speculation that accompanies the initial launching of any enterprise. Second, there is the speculation that accompanies development of a commodity or service from the birth of the idea to the full maturity of the industry. In the case of most manufactured products, this maturity may be considered as reached when the replacement business substantially exceeds the sales to new customers, or those who are buying for the first time. The third type is that speculation which endeavors to take advantage of the ebb and flow of economic tides and political fortunes. The fourth can be described as the rehabilitation type. Taken all together they form the most common routes of fortune."

NATION'S BUSINESS is perfectly aware that there is speculation that is harmful. But that doesn't interfere with the assertion that all business is attended by speculative risk and that it is fallacy to damn all speculators.

To both Mr. Kratz of Pennsylvania and Mr. Haddon of Louisiana we commend the article by Professor Boyle of Cornell on page 38 of this issue.

Another reader, Harold J. Ferrin, of

Worth, Illinois, disagrees with many of our statements concerning fallacies. In fact, he goes so far as to say that Associate Editor Raymond Willoughby's article on fallacies in the October issue of NATION'S BUSINESS was itself a fallacy, because Mr. Willoughby "listed as fallacies things which are not fallacies but the pure, unadulterated truth."

But while Mr. Ferrin finds much to disagree with, he agrees with us, as we with him, in this further statement in his letter:

"The existence of a fallacy is the fruit of a half knowledge on any given subject. A fallacy is either radical or ultra-conservative. There is no medium ground about it."

Fallacies keep growing

HALF-KNOWLEDGE, or half-truth, call it what you will, therein lie the seeds of these fallacies which rise to afflict us. Here we see a new twist to the old saw that a little learning is a dangerous thing, for truly it is out of a little learning on the particular subject in hand that these given fallacies spring.

And new fallacies are constantly being made. Here's an instance. C. F. Hughes conducts in the New York Times on Sunday a column called "The

Merchant's Point of View." Here are his comments:

The official organ of the Chamber of Commerce of the United States has been running a series on "Popular Fallacies," which has included a few important but many trivial misconceptions on the part of the public concerning business. In view of the fact that this organization has spread some major fallacies on its own account, turn about seems fair play and the following are suggested:

That unemployment insurance is a "dole," though they are two very different methods of relief.

That "rugged individualism" can cope with the international and private debt difficulties, the banking breakdown and maladjusted production.

That amendment of the antitrust laws will at once bring adjusted production, high prices and prosperity, despite reduced employment, restricted markets and repeated failure of cartels and other forms of artificial control.

That power and utility companies are above criticism and public ownership and operation always flat failures; rates, practices and records notwithstanding.

That Congress always acts against the business welfare of the country and the best way to circumvent it is to abuse that body and offer no concrete and constructive program.

That the tariff, ship subsidies and similar grants are quite proper, but the Government must keep out of unemployment insurance.

That the Harlan coal strike is just a

labor disagreement and should be ignored by those who extol American living standards and two-car garages.

All these are fallacies in the making. It's a popular, cleverly presented listing. Observe the truth:

The Chamber does believe in individualism as against government paternalism. It never suggested that individualism, rugged or smooth, could "cope with international and private debt difficulties, etc."

Only a germ of truth

THE Chamber is taking a poll of its member organizations as to the wisdom of amending the anti-trust laws. It never asserted that such amendment would "at once bring . . . prosperity."

The Chamber believes that, in general, private ownership is preferable to government ownership, but it never asserted nor believed "that power and utility companies are above criticism and public ownership and operation flat failures."

And so each of the charges against the Chamber labelled "fallacies" might be dissected and in each case a little bit of truth found, then a distortion of that truth and then a long jump to a wrong conclusion.

That is the way fallacies are made.

"Gallery of Popular Fallacies"

SOME fallacies, like some truths, are self-evident; others offer field for argument. This month's Gallery includes some of both. The first one listed will doubtless stir dissent among some of our readers, as may several of the other nominations. NATION'S BUSINESS looks forward to hearing from its readers, either in support or denial of these and previous nominations it has admitted to its Gallery. For, we reiterate, only by reasoned discussion can fallacies that afflict business be exposed and our purpose in presenting them be accomplished.

1. "Labor Is Not a Commodity."

(Labor, being a commodity, properly receives a higher wage in times of scarcity. Conversely, a plentitude of labor brings a decrease of wages. If this process is resisted unduly, business suffers. It is a fair query whether the above fallacy has not contributed to the present depression.)

HENRY D. SHARPE, President,
Brown and Sharpe Mfg. Company,
Providence, R. I.

2. "It Pays to Advertise."

(It doesn't pay to advertise just to be advertising; it does pay to advertise if the advertising is intelligently done.)

R. F. BJORN, Assistant Manager,
Must Hatch Incubator Company,
Petaluma, Calif.

3. "The Ticker Tells the Story."

(Prices of a company's stock on the stock market

are affected by many artificial, psychological, market and other extraneous influences which are entirely apart from the affairs of the company itself.)

ROLAND PALMEDO,
Lehman Brothers,
1 William Street, New York City

4. "Put the Tax on the Finished Product—the Manufacturer Will Absorb It."

S. R. MORROW, Manager,
Morrow Milling Company,
Carthage, Mo.

5. "White-Collar Workers Are Not Productive—They're Just a Necessary Expense."

JEROME L. GIBE, Certified Public Accountant,
Bridgeton, N. J.

6. "The Business Isn't There to Get; Why Spend Money Advertising For It?"

L. C. BLAKE, Advertising Manager,
Curtis Pneumatic Machinery Company,
St. Louis, Mo.

THERE are many other fallacies which handicap other fields of business. Have you written us concerning the most common misconceptions which hamper your own business? We invite you to do so, for therein lies one means of dispelling those misconceptions and removing their hampering effects. The most representative of the fallacies nominated are discussed in our own pages and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up at 7:45 p.m. (E.S.T.) every Thursday.

—MERLE THORPE



Plaskon has so many possibilities outside the field for which it was developed, that a new company has been formed to handle it

TEN years ago an important firm decided that it could not afford to retain its complete research organization and let off the pressure for about a year. Its competitors did not follow suit and in that short time they gained a definite lead which, with patent protection for completed processes, has since distinctly embarrassed the former leader. Such lessons are expensive enough to remember and today science is carrying on, supported by industry which has found from experience that one cannot afford to allow insurance to lapse.

One of the outstanding achievements of 1931 has been the completion after five years of research of a method for producing what must be styled synthetic rubber, though the material may not be the molecular equivalent of natural rubber. This work has been done by E. I. du Pont de Nemours & Co., Inc. Although it is by no means the first attempt at the synthesis of rubber, it is the first in America sufficiently promising to lead at once to commercial exploitation.

The work at Wilmington has been centered upon acetylene, which is obtained from carbide, which is made from limestone and coal. Consequently the materials are available in unlimited quantities and acetylene is a pure raw material upon which to work.

The new product—known as DuPrene—is more resistant than natural rubber to gasoline, kerosene, and other such solvents notoriously harmful to rubber. It also resists oxygen, ozone, and many other chemicals that attack natural rubber. It can be vulcanized by heat alone. It has often been emphasized that a material to compete with natural rubber does not need to be like it in all respects. In fact, for many uses rubber has not been the ideal substance, but the only one readily available. DuPrene, therefore, even at a higher price, gives promise of wide industrial application.

Those who argue that, when there is a wide need for a particular invention, there will be many discoverers and inventors whose work will supply the deficiency, will find an excellent example to support their views in the progress in the field of light metal alloys. Aviation insists upon metals that are both light and strong. In much land equipment of the mobile type light, strong alloys have a place almost as

Science,

important. It takes power to move things and power becomes expensive.

For years to mention light metal alloys has been synonymous with calling aluminum by name. The alloys of aluminum continue to be important. Strong aluminum alloys of the duralumin type play an important part in all branches of modern transportation; while the Alclad products developed by the Aluminum Company of America are particularly noteworthy in the aircraft field. It will be recalled that Alclad is the trademark applied to the

composite products consisting of a strong aluminum alloy core with integral surface layers of very pure aluminum. This is effected in practice by rolling down a duplex ingot. The coating of pure aluminum constitutes the best protection so far found against the weakening of the alloy due to corrosion.

There has been a great deal of discussion regarding beryllium as an element to alloy with others for the sake of lightness, for beryllium is among the extremely light metals, but unfortunately its cost—about \$200 a pound—has not only kept it from serious consideration but has even made experimental work difficult. If one cared to purchase a ton, the price might come down to 50 cents a pound, but it is problematical how many tons he could get. It has not yet been demonstrated that we know where to find enough of the ore, beryl, to make the production of metallic beryllium attractive on a commercial scale.

A competitor of aluminum

BUT there is another metal that is abundant and is lighter than aluminum and with which a number of alloys can be made. This is magnesium. Less than two decades ago magnesium could not be had under five dollars a pound and was used for the most part for flashlight powders, aerial bombs, and special uses of that kind. Since 1915 the Dow Chemical Company of Midland, Mich., has kept at the problem of winning metallic magnesium from the brines pumped from deep wells in the vicinity. The research has succeeded and now, at 30 cents a pound, magnesium competes with aluminum. It has been successfully alloyed not only with aluminum but with manganese, copper, cadmium, and other elements, producing a variety of alloys each with its own set of physical constants which designate it for certain special uses. It can be extruded, cast, forged, rolled, wrought, and welded and, indeed, worked much as any other metal.

With such a material available at a commercially attractive price, designers are finding ways to use such a light alloy. One automobile manufacturer is building a car with steel springs and with cast iron or steel linings for the cylinders, but otherwise entirely of magnesium alloys. The entire car

Taskmaster of Business

By Dr. H. E. Howe

Editor, Industrial and Engineering Chemistry



INDUSTRY has found that at least one thing is a necessity, be times good or bad. That is research, the constant quest for new products and new processes. Hence we see today that quest being vigorously prosecuted in a thousand plants and laboratories. Dr. Howe, who keeps in touch with the progress of research on all its fronts, tells here some of its latest triumphs

will be so light that only a fraction of the power ordinarily required will be needed. To overcome possible difficulties in the light weight, its center of gravity will be much lower than in its predecessors.

In another section of the country a passenger railway car with steel chassis and the regulation wheels will otherwise be made of Dow metal, glass, synthetic molded resins, and the usual upholstery. The saving in weight and consequently in the power required to move it should be phenomenal. Some day dwellings and other buildings will be fabricated, using such alloys in place of structural steel and employing laminated synthetic resins in place of the customary building materials. Even glass may find itself displaced by other types of plastics.

Glass possesses many characteristics that especially suit it to our uses. It is impervious to air and water and yet transmits light. It is not difficult to make or use. Its quantity production makes a low price possible. It takes and keeps a high polish and can be had in a variety of forms and colors. But it has one great defect—it can be broken easily and its broken parts can cause great damage. Therefore, for moving vehicles a different medium would be preferable. Non-shatterable and safety-type glasses, in which a sheet of Viscoloid, celluloid, or other cellulose product is held between two sheets of selected

glass are still imperfect. Visibility is not always satisfactory and sheets occasionally show signs of parting. While research continues to overcome these difficulties, other groups are seeking other cellulose products that will give the service of glass without its defects.

Cellulose for windows

MOST promising of these at present is cellulose acetopropionate. There is no common name for this material, but it can be said that propionic acid is one which has been scarcely commercial because of its price, until we learned how to make acetic acid cheaply. That having been accomplished, the next acid in this series of organic acids, propionic acid, could be undertaken with promise of commercial success. With this available, a new compound with cellulose became commercially attractive. Preliminary reports indicate that we can look forward to seeing sheets of this plastic which will satisfy us as a window in automobiles.

Another new plastic has just made its bow. It has been given the name "Plaskon" and it is a synthetic resin in which urea is one of the principal raw materials. It is the result of



Removing "bean bricks" from the mechanical refrigerator where they have been frozen as hard as marble. Mobile units make freezing at the field possible

researches begun several years ago when the Toledo Scale Company founded a fellowship at Mellon Institute in an effort to find a new material from which to make the housings for computing scales for retail food stores. The goal was a material which would be tough, easily moulded and fabricated, resistant to acids and alkalis and which would be difficult to break.

This was achieved in "Plaskon." In addition it has other qualities, notable among which is extreme rapidity in moulding. It has unusual color possibilities. Because of the wide range of its uses outside the contemplated original field, a new company, Toledo Synthetic Products, Inc., has been organized to produce it commercially.

There are more than 600 trade-named synthetic plastics but there seems to be room for even more. Small differences in physical and chemical properties give many of them a field of special utility, while they compete with others for general uses.

Synthetic resins continue their habit of becoming useful in unexpected places. The announcement has just been made by General Plastics, Inc., North Tonawanda, N. Y., that, by sprinkling Durez, a phenol formaldehyde resinoid in powder of a special type, between sheets of veneer, the wood can be perfectly bonded in less than three minutes. This should be compared with the ten to 20 hours formerly necessary with glues and the clamping process. This is not the only advantage. By the use of a resin, water is avoided, there is no warping due to moisture absorption and no re-drying is required. There is less danger of staining the face of the veneer and this makes possible even thinner plies of wood. Flexibility is obtained, and greater strength.

One of the interesting resins is Glyptal, made from phthalic anhydride and glycerin. It is a resin of this type which is partly responsible for the unusual characteristics of such protective coatings as Dulux, one of the du Pont developments. Used in the vehicle of a paint, varnish, or enamel, these resins act as binding materials to hold the pigments in place and present a hard, horny, elastic film which protects surfaces and makes possible a high degree of decoration.

Speaking of protective coatings, the average man would not have suspected that there could be any relationship between the reduction of armament and the paint industry. Captain Williams of the Navy, discussing industrial coatings before the American Chemical Society, stated that, by using aluminum paint in some places where lead has heretofore been used, the gross weight of a vessel can be reduced 100 tons.

Making paper quicker and better

TO MOST people paper is simply paper. But not to the scientist. At the beginning of the present century a machine producing paper for magazines, if it ran 150 linear feet *per* minute, was considered a marvel. Today such machines make a much wider sheet and run three or four times as fast. Yet they make better paper. Some of the advance has been due to new chemical methods for the production of fillers used in place of clay, improving the printing surface without detracting from strength.

In this connection progress in the utilization of straw pulp is interesting. Straw papers as we used to know them were found principally at the butcher's. They were a peculiar yellow color and had very poor strength. They have been largely displaced by kraft, which is the technical designation for most of the wrapping papers we use today. Straw pulp now finds its way into cheaper box boards, but the straw fiber appears to have been somewhat maligned. It is shorter than

many wood fibers, but when you consider its diameter as well as its length, it is found to be, cross-section for cross-section, comparable in strength with some of the fibers from wood. Abroad such fiber is used with wood fibers to produce a finer surface with superior printing capabilities.

In the Argentine, papers up to 100 per cent straw pulp and from white through the shades of the rainbow are being produced commercially for consumption in a country which heretofore has imported practically all its paper. In this country the Mead Corporation of Chillicothe, Ohio, has taken the lead in developing a process for making a high-grade pulp from straw.

This same Mead Corporation, by the way, is taking the lead in certain types of box board. In a number of plants tanning extracts and other materials are obtained from chestnut wood. For a long time the exhausted chips which run high in moisture content were used for more or less unsatisfactory fuel. The Mead Corporation evolved a semi-chemical method for treating these chips, and now, from the pulp made from this almost waste material, prepares box boards and laminated boards which find special utility in the container field. Secured to wooden framework, they threaten new competition for wooden boxes of medium size, and withstand difficult conditions remarkably well.

Paper towels that stand water

THE paper towel would seem to be on the way to overcoming opposition. Researchers of the Brown Company, Portland, Me., have learned how to produce a towel of high wet strength. No ordinary amount of twisting and rubbing even when the towel is damp leads to breakage. Originally brought out in a brown color, they can now also be had in white.

In the food field something of interest is continually in progress. The quick-freezing process is being successfully applied to meat, fish, poultry, vegetables, fruits, and berries. Portable equipment has been devised, so that the plant can be set up on the truck farm, in the orchard, at the fish pier, and the harvest processed at once. The new equipment involves a series of refrigerated plates between which the products to be frozen are placed and quickly reduced to a very low temperature. This is a further development of the Birdseye process, owned by the General Foods Corporation.

Specialists believe that some types of chemical compounds known as enzymes have defeated efforts to freeze or bottle orange juice at the grove and deliver it without change in aroma and flavor. Dr. Sperti at the University of Cincinnati is attempting to destroy the enzymes in orange juice by the use of selected bands of ultra-violet light.

In Germany laboratories are devoting much effort to all sorts of syntheses and to the reverse process of forming simpler compounds from the more complex. Much of this work is so far of academic interest but it has great possibilities. Alcohols and some of the hydrocarbons have been produced from fats. Artificial waxes can be made as a part of the process, and ultimately from materials of animal origin, products which we are more accustomed to associate with petroleum can be formed. Protein from coal and at prices which will compete with protein derived from meat or eggs may result from the efforts of another group.

It is not thought that, at the moment, rayon is to be made from ordinary glucose in competition with cellulose from wood and cotton, but it is nevertheless important to know that by the use of bacteria quite similar to those which cause "mother of vinegar" true cellulose has been made from

(Continued on page 70)

Putting Science Into Advertising

By L. D. H. WELD

Director of Research, McCann-Erickson, Inc.

ILLUSTRATIONS BY D'ARCY

★ **PART I.** If you are an advertiser or are considering advertising you will find many helpful suggestions in this article. In this instalment, Mr. Weld discusses the question, "How much shall I spend?" He gives some pointers as to how the most efficient amount may be determined

ALTHOUGH the value of advertising is almost universally recognized, there is a common feeling among business men that when they buy advertising they are buying something intangible. They feel that they know just about what results to expect when they spend money for raw materials, for plant labor, for salesmen's salaries, and traveling expenses. But they feel that it is impossible to predetermine the results of their advertising expenditures.

This feeling is justified in some respects, but it is fair to ask, first, whether many companies are not spending money more blindly in their general sales expenditures than they are in advertising; and second, whether business men in general know of the advance advertising men are making in applying the engineer's approach to predetermine the effectiveness of advertising.

To illustrate the first point, the writer was called on not long ago to review the sales and advertising policy of a large corporation. This investigation disclosed that the company's salesmen were spending much time on unprofitable accounts; that thousands of orders which were being filled each represented a net loss; that shipping, billing, and overhead expenses were such that there would have been a net loss in filling thousands of small orders, even if these



Business men often feel that it is impossible to determine the results of advertising expenditures

orders had come in by mail, unsolicited by salesmen!

Efficiency in selling

AS A result of recommendations based on these findings, a thoroughgoing analysis of selling costs was undertaken. Within a few months the number of customers to be visited by salesmen was reduced 48 per cent. This and other changes decreased pay roll expense more than \$200,000 a year. Other economies amounting to untold thousands of dollars resulted in the manufacturing end of the business. The volume of business was not adversely affected. In fact, more intensive and intelligent sales effort on worth-while accounts usually

more than offsets any loss in volume caused by dropping small, unprofitable accounts.

No advertising problem of any consequence was involved in this case. It was a sales problem. There are undoubtedly hundreds of companies in the United States which believe they are doing an efficient sales job but which really need this sort of house-cleaning.

But, to return to advertising, it is well known that emphasis has been shifting from production problems to marketing problems. Our productive capacity so much exceeds our needs that the struggle for markets is greater than ever before. This has led to a more minute analysis of sales and advertising costs and results.

It has led advertisers to give greater attention to the selection of their advertising agencies. It has led them to ask, "How do I know that I am spending the proper amount in advertising?"

"How do I know that I am running the right kind of copy?" "How do I know that my advertising is doing the best job that can be expected of it?"

As implied by these questionings, it may be said that, to be effective, advertising must be applied in the right amount; it must appear in the right media; it must reach the right people; it must have the most compelling copy, based on the right appeals; it must be allocated to different parts of the country according to the potential market for the product. It is in these fields that advertising agencies have been making substantial progress through scientific methods.

There is still no definite rule as to how much money any given company

can profitably spend for advertising. True, there are certain general gauges that can be applied. The amount that should be spent varies greatly for different industries, for different companies, for different products, and for different methods of marketing. The great variation between industries is illustrated by figures recently compiled by the Association of National Advertisers which show the average expenditures for various important industries, expressed as percentages of sales. These figures are:

Drugs & Toilet Articles	19.6
Paints and Varnishes	6.4
Chemical & Allied Mfg.	6.1
Electrical & Radio	5.9
Jewelry & Silverware	5.7
Food	5.6
Office Equip. & Supplies	5.3
Hardware	4.7
Travel & Transportation	4.6
Household Equip., other than Elec.	4.5
Agri. Equip. & Supplies	4.1
Clothing	3.8
Furniture	3.7
Automotive	3.5
Leather & Shoes	3.2
Textiles	3.0
Building Materials, Const.	2.8
Paper & Paper Products	2.6
Metal, Machinery, etc.	2.5
Industrial	2.3
Financial & Insurance	1.1

These figures provide a rough gauge for any individual company. If an automobile company is spending substantially more or less than the average of 3.5 per cent shown in this table, it at least has reason to know that it should carefully analyze its advertising and other selling costs, to determine whether it has a reason for departing from common practice in the industry.

It can know from this table that its advertising expenditure *per* dollar of sales should not be anything like the expenditure for advertising in the drug and toilet article trades.

Finding how much to spend

THE commonest method for determining how much to spend in advertising is long-time experimentation. A company spends \$200,000 in one year. It finds that sales are increased ten per cent, that total sales cost (including advertising) *per* unit sold has remained constant, and that net profits have increased ten per cent. The next year, this company spends \$500,000, and finds that sales have increased 20 per cent, with a definite reduction in unit selling costs and a substantial increase in net profits.

Encouraged by this result, the com-

pany jumps its appropriation to a million dollars for the next year. Sales show a good increase, but unit selling costs also advance, and net profits are disappointing. The company has over-shot the mark, and falls back to a \$750,000 appropriation the next year. This works out with satisfactory results, and provides a basis for future decisions.

Although this method of determining appropriations is sound, it has several disadvantages:

It takes a long time to reach a sound basis, and it may happen that a company fails to obtain the full benefits of advertising, because it never spends enough. Sales and profits from year to year depend largely on business conditions and, although this factor can be taken into consideration, there is no way to determine the exact part which advertising has played in the year's results.

Advertising may be blameless

THERE are, of course, numerous other factors connected with the sales methods, and with the advertising itself, that becloud the effect of advertising. The

salesmen may be spending so much time and energy on unprofitable accounts that results are bound to be unsatisfactory.

Advertising may not be keyed in with sales effort so that much of its possible effect is wasted. The advertising itself may be stressing the wrong appeals, and it may be addressed to the wrong type of customer.

Assuming that the advertising itself is effective, and that the sales department uses it properly, it may be said that the most profitable amount to spend in advertising depends on the following:

1. The relation between manufacturing cost and the price at which the product can be sold. The greater the profit margin, the more advertising can be used to create demand.
2. The extent and nature of competition.
3. The extent to which the market is already saturated. In other words, to what extent the potential market has been developed.
4. The method of selling. If a company has no salesmen, or very few, thus leaving the creation of demand entirely to advertising, the advertising appropriation may be a relatively large percentage of sales.
5. The media that it may be necessary to use to reach the people who buy the product.
6. Past experience with different amounts of advertising, and their effects on sales volume, unit sales expenses, and net profits.
7. Experience of other companies with similar problems, represented in the judgment of men in advertising agencies.

Close approximations

IT WILL be observed that there is no formula for determining the exact amount of an appropriation. But the advertising agency, with its wealth of experience, in cooperation with the advertiser, takes all these things into consideration, and, as a general rule, the amount decided on is approximately sound.

There are cases, of course, where an irresponsible agency bamboozles an advertiser into spending much more than he ought to spend. But this doesn't happen a second time, for the advertiser will choose more responsible agencies thereafter.

(Part II of Mr. Weld's article will appear in the February number.)

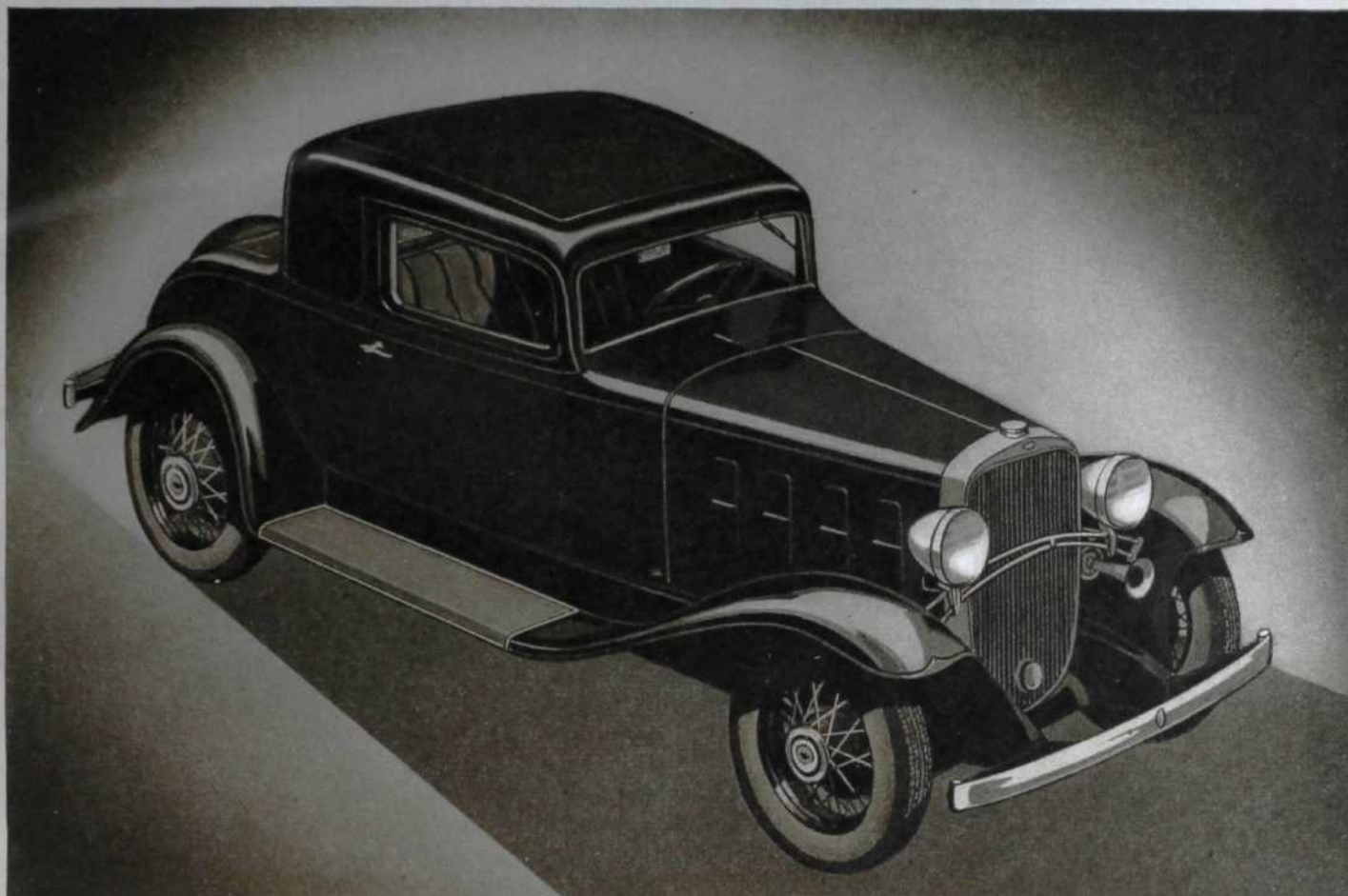


Average expenditures for the industry provide a rough gauge for guidance of the individual company

PRESENTING

The New Chevrolet Six

THE GREAT AMERICAN VALUE FOR 1932



THE STANDARD COUPE

An even finer car for business use



Now—Chevrolet is destined to play an even bigger part in American business and industry than in the past. *A new and finer six-cylinder Chevrolet model is on the market*—a car that combines many new advantages of special value to the modern business organization. This new Chevrolet is a faster car on long-distance trips—a livelier, nimbler car in city traffic. Because Chevrolet has added many new features to the engine, which increase its power, speed and getaway. The new Chevrolet Six is a much easier car to handle, a much more restful car to drive throughout the day. For Chevrolet has

pioneered an exceptional new *double-feature*—the famous silent, non-clash, Syncro-Mesh gear-shift and simplified Free Wheeling. This combination assures quick, quiet gear-shifting and positive control of the car, under all driving conditions. The new Chevrolet Six offers the pride and prestige of an even smarter, more attractive appearance. Because Chevrolet and Fisher have styled this car in the finest custom-car manner. Best of all, the new Chevrolet Six maintains the sound *dependability* and *matchless economy* which made last year's car so well suited for business service. And the prices have been set among the lowest in the market.

SILENT SYNCRO-MESH SHIFT

SIMPLIFIED FREE WHEELING

IMPROVED
SIX-CYLINDER ENGINE60 HORSEPOWER
(20% INCREASE)

65 TO 70 MILES AN HOUR

FASTER, QUIETER GETAWAY

SMOOTHER
OPERATIONSMARTER
FISHER BODIESGREATER COMFORT
AND VISION

UNEQUALLED ECONOMY

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN, DIVISION OF GENERAL MOTORS

When visiting a CHEVROLET dealer please mention Nation's Business



The New York Stock Exchange curbs abuses of short selling

EWING GALLOWAY

Short Selling Guards Your Market

By JAMES E. BOYLE

Professor of Rural Economy, Cornell University

★ **REPRESENTATIVE** Sabath, Illinois, has prepared two bills designed to curb short selling. From many other sources we hear of similar plans. Before such action is taken it is well to review the history of such legislation. Professor Boyle tells why bills prohibiting short selling have always been repealed

The evolution of interest-taking in the face of opposition is similar to the evolution of various other economic institutions, such as the issue of notes by banks. The number of pamphlets published in England in the early days of the Bank of England, 1694 to 1724, and the violence with which these pamphlets condemned note issue by the Bank indicates the popular feeling against this wholesome but misunderstood practice.

Short selling has been fought

SHORT selling, as an economic institution, seems to be running the same gauntlet as that run by interest-taking and bank notes.

History is full of examples of laws against short selling—laws which failed and were later repealed. The Dutch in 1610 forbade the sale of securities not possessed by the seller at the time of the sale.

An English law of 1697 declared

IN TIMES of depression we have always had crusades against short selling. The public feels that the prices of stocks, grain, and cotton have been forced to artificially low levels by means of "bear raids." A fairly large percentage of the public is convinced that short selling is gambling and is, therefore, a sin against society.

With all respect to these feelings of the public, we may say, however, that short selling has uses as well as abuses, and that, viewed from the long perspective of history, it plays an important and necessary rôle.

The present outcry against short selling is much like the universal censure of interest-taking a few centuries ago. In a simple rural economy there is obviously no lending of money at interest. As commerce and industry begin, lending money at interest inevitably follows.

Many countries have enacted laws against interest. In England, by a decree of Edward the Confessor, the taking of interest was prohibited.

All this seems long ago and very foolish. Now we know that the demands of trade finally overcame the prejudices of monarch and people.



*If this be
magic*

**MAKE THE
MOST OF IT**

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transactions for delivery more than three days ahead to be illegal.

An English law of 1834 prohibited "options" in government securities. Another law in 1867 prohibited short sales of bank shares.

In Prussia, under laws of 1836, 1840, and 1844, short sales of railway shares and government securities were forbidden. These acts were repealed in 1860.

The United States, in June, 1864, prohibited short selling of gold. Because of its unfortunate and unexpected effects, this act was repealed two weeks later.

In 1812 New York State enacted a law declaring all contracts for the sale of stocks and bonds void unless the seller was the actual owner or assignee thereof or was authorized by such owner or assignee to sell. This act was repealed in 1858. The act of 1858, still in force, specifically authorizes short selling.

Thus the logic and the facts of history are on the side of short selling.

But now we are in the midst of a crusade against this custom. One of our leading newspaper chains is bringing its influence to bear against short selling. Last July the President of the United States published a formal statement condemning short selling of wheat.

This utterance of the President caused great surprise and bewilderment in grain circles. The conviction was prevalent in these circles that the short interest in wheat was smaller than usual, but the short interest in corn was much larger than usual. Furthermore, the speculative short interest in July corn was the agency of the Federal Farm Board itself.

Business has much short selling

IN THE face of all opposition, the use of short selling in commerce and industry has gradually expanded. Now the farmer contracts a year ahead to deliver milk from cows which he does not own; the publisher of a magazine sells short for one or two or more years; the builders of large cement structures contract ahead for their cement, one, two, or even three years. In hundreds of other cases short selling enters into our economic life.

The use of short selling, in other words, is now purely a business question. It is only the abuse of short selling which raises possible moral questions. Let us consider for a moment the use and the abuse of this business agency.

Those who defend short selling must defend the wider practice of which it is a part—speculation on the commodity and stock exchanges. Speculation, in turn, must be defended on the ground

that it is essential to a wide market; the wide market, in turn, is essential to those business and banking interests which wish, by means of hedging, to limit their losses, protect their profits and safeguard their credit. The speculator makes the wide, liquid, continuous market for the non-speculator to use. Speculating in grain futures thus serves a useful purpose. Or, to quote an official publication of the U. S. Department of Agriculture—

Trading in grain futures offers possibilities of service to producers, millers and exporters through the opportunity it affords speculators to make a liquid market where hedging operations as well as outright purchases or sales can be made promptly, according to Dr. J. W. T. Duvel, chief of the Grain Futures Administration of the U. S. Department of Agriculture.

Dr. Duvel says that the speculative character of trading in grain futures is an essential element in providing a liquid market for hedging. Trading in futures, he declares, if confined exclusively to hedging operations or to contracts consummated by the delivery of actual grain, would be so small in volume as to be of little value to millers, elevator companies and others desiring to protect themselves against speculative hazards.

This is perhaps the best testimony in print of the need for speculation to carry the natural economic risks for the non-speculators. On the average, year in and year out, one-half the speculators are and must be short sellers.

Reading the market report year after year, the reader finds one phrase occurring oftener than all others. It is this:

WHEAT IS HIGHER AS SHORTS COVER.

STOCKS ARE HIGHER AS SHORTS COVER.

These expressions reflect an important and essential truth about the short seller—a large short interest is the market's best protection against a too drastic break in price.

A case in point is the dropping of the gold standard by England and the effects of this action on security prices. European exchanges, except Paris, could not risk the shock. They closed. Paris operated only under severe restrictions. The governing committee of the New York Stock Exchange prohibited short selling for two days for the deliberate purpose of forcing shorts to cover and thereby support a panic-threatened market. The plan worked. The short interests, some 4,241,000 shares, were effective in steadying the market over this crisis. The third day, the shock of the bad news having spent its force, short selling was again permitted on the New York Exchange. The London Stock Exchange, closed for two days, reopened. Evidently the large short interest in the largest stock exchange in the world was

the one single strong element of support of security prices in the world.

The same principle holds true for the cotton and grain exchanges. Why, for instance, did wheat futures in Chicago show such violent fluctuations early in 1925, as compared with 1929? One explanation is that there was a much larger short interest in the market in 1929 than in 1925. In March, 1925, the month of heaviest selling, the average daily volume of sales in the Chicago pit was 78,900,000 bushels. In July, 1929, the month of heaviest sales on record, the average daily volume was 93,543,000 bushels.

Under the impact of heavy selling, prices declined in March, 1925; under the impact of much heavier selling, prices rose in July, 1929. Compare the short interests in both cases. In March, 1925, the short interest (open commitments) averaged 112,708,000 bushels, whereas in July, 1929, they averaged 176,300,000 bushels. In other words, an increase of 64 million bushels in the short interest gave the market that support by which it withstood the heaviest selling on record.

Short selling stabilizes prices

THE LARGEST single day's sales recorded in Chicago, 149,587,000 bushels of wheat futures, occurred July 15, 1929. This may be called in popular parlance a "bear raid," but the price rose. This shows what a market can do when it has a large enough short interest to support it.

One use of short selling is to put on the brakes both against a boom in prices and against a break. The successful short seller—and he is the only one who survives—sells when he correctly estimates prices to be too high and buys when he correctly forecasts prices to be too low. Such short sellers automatically tend to stabilize the price.

The uses and abuses of short selling have been investigated time and again. The most notable recent investigation was that of the Hughes Commission on Speculation in Securities and Commodities, appointed in 1908 by Governor Charles E. Hughes of New York. This Commission reported unanimously in favor of short selling. It said:

We have been strongly urged to advise the prohibition or limitation of short sales, not only on the theory that it is wrong to agree to sell that what one does not possess, but that such sales reduce the market price of the securities involved. We do not think that it is wrong to agree to sell something that one does not now possess but expects to obtain later.

Contracts and agreements to sell, and deliver in the future, property which one does



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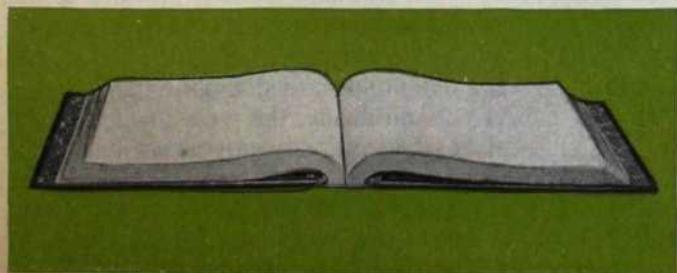
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not possess at the time of the contract are common in all kinds of business. The man who has "sold short" must some day buy in order to return the stock which he has borrowed to make the short sale. Short sellers endeavor to sell when prices seem high and to buy when prices seem low, their action in both cases serving to lessen advances and diminish declines of price.

In other words, short selling tends to produce steadiness in price, which is an advantage to the community. No other means of restraining unwarranted marking up and down of prices has been suggested to us.

Stabilizing wheat prices

THE same thing holds true for wheat. Secretary of Agriculture Arthur M. Hyde, in October, 1930, wrote to the leading flour millers, asking their opinion regarding the prohibition of short selling of wheat and the effects of short selling on price.

To these questions one of America's leading flour millers replied in part:

1. I should hate to see such a ruling as I believe it would be harmful to every interest from the grain grower to the ultimate consumer. . . . My experience has led me to believe that the broadening of trading brought about through the activities of speculative interests, is beneficial to all interests, and certainly not least to the interest of the grain grower.

2. To answer this question very exactly (immediate effect of short selling on price), and considering every word, would, I am afraid, be misleading. For instance, if any party "sold short" say a million bushels of wheat in any market the result would naturally be more weakening to the market for the "immediate" time than if he bought the same amount but we must keep in mind two points: first, that there would be a buyer for his short sale; and second, that the minute he had sold short he placed himself in the position of having to go back in the market then or at some future time and pay whatever price might be demanded of him to cover his short sale.

To summarize, modern commerce and industry demand a wide, continuous, liquid market. Such a market affords hedging facilities; it stabilizes prices; it discounts future conditions. Such a market is impossible without short selling. Now we may turn to the other side of the picture.

There are, of course, two kinds of short selling—first, the forecasting of adverse market conditions and the selling to conform to these conditions; second, selling with the purpose of manipulating prices downward. This latter is popularly called a "bear raid."

As a matter of fact our newspapers have greatly exaggerated the place of bear raids in price declines. Most price declines are due to natural causes. However, in a large membership such as that of the Chicago Board of Trade or the

New York Stock Exchange, there are a few persons who are always ready to attempt market manipulation.

This brings us to the questions, what do these exchanges do to prevent or control such abuses of short selling? What further control is necessary?

The broad question before the organized exchanges is the regulation of speculation itself, rather than one aspect of it known as short selling. The exchanges all have rigid rules, based on long experience, aiming to curb price manipulation.

For instance, the Chicago Board of Trade, after suffering some 25 or 30 years from corners, enacted and enforced five anticorner rules designed to prevent corners, bear raids, and other forms of market manipulations. These rules provide:

1. In case of a squeeze or other emergency, grain may be delivered in cars within the switching district of Chicago.
2. To prevent a shortage of contract grade grain, more than one grade may be delivered on contract, according to a published list of premiums and discounts.
3. A Business Conduct Committee, with great authority, responsibility, and power, watches the business conduct and financial conditions of the members and stands guard against improper transactions. It reports to the Board of Directors.
4. The Board of Directors has broad and severe powers of discipline. If it thinks an emergency exists, it may limit the daily price fluctuations. It may expel a member for trying to demoralize the market, for circulating false rumors, for reckless dealing, for manipulating prices, for attempting a corner, or for any act "detrimental to the welfare of the association."
5. The Board has wide "emergency powers" including power to stop future trading any day it sees fit and to name a settlement price on future contracts.

The New York Stock Exchange has rules corresponding in a general way to these. The Business Conduct Committee has ample powers to eliminate 99 per cent of the evils and abuses of short selling.

The short who is financially unable to speculate, or who puts up a small margin and places a stop-loss order, is an element of weakness in the market. The governing boards of these exchanges may well consider measures which will reduce the volume of trading by these weak traders.

Greater and speedier pressure should be brought to play on the "bear raider." The Exchange itself is able to handle this problem of discipline.

And finally, the press should be held to the truth, as nearly as possible, in reporting reasons for price advances and declines. The words "bear raid" should be taboo, unless there is, in fact, such an attempt at artificial price control.

SALES JOURNAL

DATE JAN 31

Proof of Distribution	Proof of Old Balance	Invoice Number	Sales Total Credit	Dept. 1	Dept. 2	Dept. 3	Dept. 4	Dept. 5	Dept. 6	Dept. 7	Dept. 8	Dept. 9	Dept. 10	Dept. 11	Dept. 12	Dept. 13	Dept. 14	Dept. 15	Dept. 16	Dept. 17	Microfilm	Amount	Account Number
0	0	565	11.25	3.25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	79.75	621	23.50	1.25	1.25	4.60	2.50	0	0	1.75	0	3.75	0	1.75	.50	3.25	0	2.25	4.75	3.45	127	1.80	86
0	113.50	517	6.85	1.25	0	0	0	2.50	2.20	0	1.75	0	0	0	0	0	0	0	0	0	0	0	0
0	36.65			1.25	0	0	0	0	0	0	1.25	2.00	2.25	.85	2.25	3.00	1.75	2.00	3.25	1.80	86		
											1.30	1.30	2.00	1.50	1.75	1.50	1.50	1.00	3.75	3.00			
											1.65	1.50	2.00	2.00	1.75	3.75	2.25	2.25	2.75	3.75	215		
											2.75	2.25	1.50	1.50	1.75	1.50	1.65	1.75	2.50	1.70			
											7.40	10.80	6.50	7.60	6.25	11.50	7.40	7.00	14.00	12.20	9.00		
											15.30	23.40	13.70	18.40	14.50	25.75	16.80	16.35	37.20	28.35	23.50		
											22.70	34.20	20.20	26.00	20.75	37.25	24.20	23.35	51.20	40.55	32.50		

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Old Balance	Date	Description	Debit	Credit	Balance	Gross Sales To Date	Returned Sales To Date
		BAL FORWARDED			100.00	1	225.50
100.00	MAY 23	INV 495	17.75		117.75	2	243.25
117.75	MAY 11	C/M 1922		11.50	106.25	3	
106.25	MAY 15	CASH 195		75.00	31.25	4	34.25
31.25	MAY 25	INV 5125	38.50		69.75	5	281.75
69.75	JAN 31	INV 623	15.00		84.75	6	296.75
						7	
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						13	

20 TOTALS

LEDGER ACCOUNT							
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Old Balance	Date	Description	Debit	Credit	Balance	Old Balance	Yr. Date
100.00	MAY 23	BAL. FORWARDED			100.00	225.50	22.75
117.75	MAY 11	INV 495	17.75		117.75	243.25	
106.25	MAY 15	C/M 1922		11.50	106.25		34.25
31.25	MAY 25	CASH 195		75.00	31.25		
69.75	JAN 31	INV 5125	38.50		69.75	281.75	
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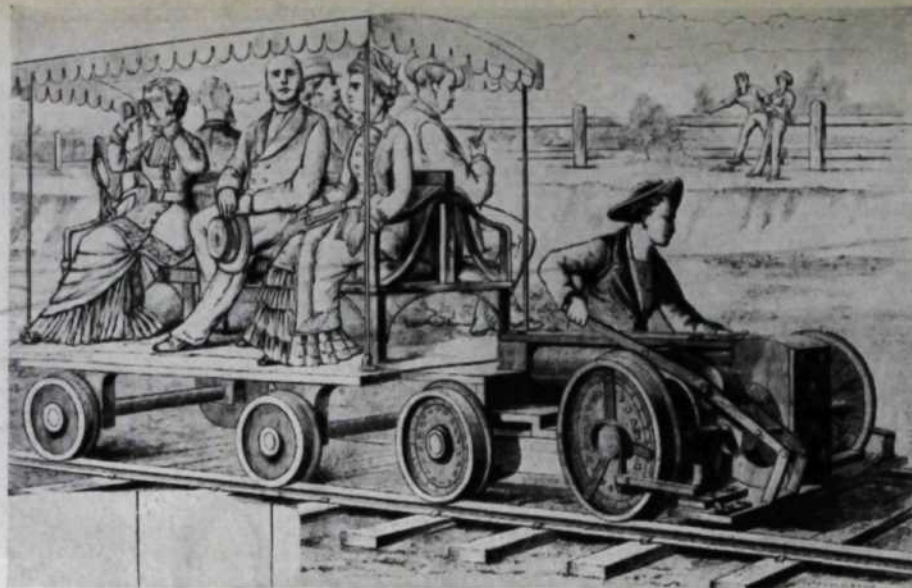
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SCIENTIFIC AMERICAN, 1880

Contemporary sketch of Edison's first electric railroad

The Long Road to Modern Comfort

By JOHN W. HAMMOND

Of the General Electric Company

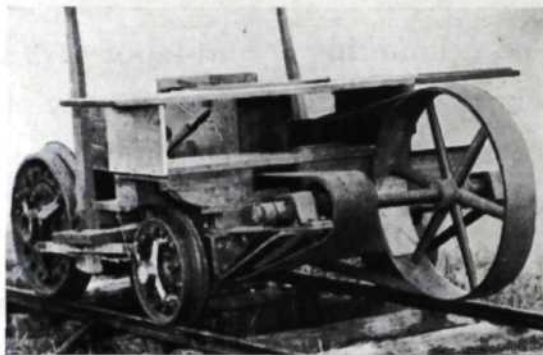
IN Richmond, Va., early in 1888 a startled colored man watched a Sprague electric car climb a long hill. He threw up both hands and shouted:

"Fo' Gawd, what am de white folks gwine to do next? Fust dey freed de darkey and now dey done freed de mule!"

The colored man's astonishment was more spectacular but no more real than the white man's. Electric lights, both arc and incandescent, were well known. Street cars, however, were pulled by horses and would always be pulled by horses. In 1886, the 500 horse railways in the United States used 120,000 horses to draw their 25,000 cars. The idea that electricity could replace those horses was so ridiculous that, in 1884, a man operating street cars declared:

"If you want to pull a car, you must put something in front of it to pull it. Don't we put horses in front of a street car? Don't we put a steam engine in front of a train? You might just as well put the horses which pull one of our street cars inside the car."

Men who chose to look only backward could find much material for argument on this side of the question. As early as 1835 Thomas Davenport, of Brandon, Vt., had actually operated ex-



Edison's locomotive after the belted wheel replaced the friction gearing

PART III. In previous articles Mr. Hammond described the development of electric lighting from the early arc to the present central station system. Here he takes up the history of electric transportation

perimentally a miniature electric railway.

In 1839 Robert Davidson, of Aberdeen, Scotland, drove a five-ton electric locomotive between Edinburgh and Glasgow, and Dr. Werner Siemens had transported some 80,000 people on a miniature road at the Berlin Exhibition in 1879.

These roads were built for experimen-

tal purposes and had little practical value. The electric street railway offered many serious problems which awed even the most enthusiastic of electricity's friends.

A hard job for motors

THE car motor, unlike the stationary motor, was started and stopped hundreds of times each day. It had to run at every speed up to its rated capacity. It had to be operated, in those early days, by men who knew horses but not electricity.

Yet the cynic of 1884 might have learned some things which would have diminished his doubts. He might have looked, for instance, toward Menlo Park, N. J., where Thomas A. Edison had been operating an experimental electric railway since 1880.

The road was a crude affair. Edison's chief interest at the time was the electric light, but he established his first line, one-third of a mile long, to demonstrate his conception of electric railways which would serve as feeders for trunk-line steam roads.

He employed reversed dynamos for his driving motors and conducted current from his Menlo Park power house to them through the rails and the wheels of the locomotive, a small flat-car with



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EMPLOYMENT CREATION THROUGH SALES STIMULATION

board seats and much apparatus from which two long brake-handles protruded. The affair resembled, and was about the size of, the handcar of a section gang.

On its first trial, May 13, 1880, this contrivance hauled two cars loaded with Edison employees at 20 miles an hour. The cars were as nondescript as the locomotive. One was a flat car with benches and an awning. The other was a diminutive passenger coach, facetiously dubbed "The Pullman."

On that first ride the mechanism for transmitting power to the driving wheels, a system of friction gearing, broke down. It was replaced by a counter shaft and a large pulley wheel at the rear of the locomotive.

Edison's name was news and the New York papers began to talk about his railroad. Public interest increased until, in 1882, Henry Villard, president of the Northern Pacific, advanced \$40,000 to enable Edison to elaborate his demonstration road.

The result was a line of far less makeshift appearance. It had two and one-half miles of track with many trestles, sidings, cuts, turntables, a car house and a freight platform. It also had sharp turns, calculated to make the passengers' hearts jump, for the electric locomotives were capable of 40 miles an hour. There were two of these, one of five tons for passengers, and a ten-ton machine for freight. Each had a cab, a cow-catcher, a headlight and a bell.

The experience of at least one passenger was related in the *Electrical World* of May 12, 1883. He wrote:

The electric railroad was the goal of the excursion. To be carried over that road was the dream whose realization became truly what Mr. Carlyle facetiously calls "a good joy."

The railroad was the slenderest of iron rails and delicate little ties, all exactly alike. It was narrow and looked like a strip of bordered tape stretched over the green carpet of the spring. The engine is so little that it seems presumptuous of it to assert itself fit to carry any kind of a train.

Away it goes, without steam, heat, cinders or smoke, not so rapidly as lightning but quite fast enough for travelers to see the country; too fast for the safety of the hat of the Spaniard who is coping with the English tongue. It is wafted into a field of plowed ground and he goes on in smiling serenity, delighted with everything, electric railroads most of all.

On the return trip he finds it hung on a stick so close to the track that he can reach it from the platform, an incident which causes him to declare that this "is surely a courteous country, even if its language is the most difficult in the world."

Neither Edison nor the technical



Charles J. Van Depoele who devised the trolley pole



William Stanley used alternating current commercially



Frank J. Sprague's Richmond railroad marked a new epoch

fraternity ever thought his train adaptable for street railroads but it did arouse interest in electrical transportation, an interest which, although he stimulated it, Edison did not greatly share. After his second railroad, therefore, Edison conducted no more experiments along this line.

Invention of the trolley

EVEN as Edison retired from the field, however, other men were making major contributions to it. In Toronto, Canada, Charles J. Van Depoele offered an improvement on Edison's clumsy system of transmitting current through the rails of the track. That improvement was the electric trolley and, although a legend, sponsored by Van Depoele's competitors, said that it was necessary for a man to ride on top of the car to keep the trolley on the overhead wire, the idea was a great advance.

In Cleveland, the Brush Electric Company was providing shop facilities for two men who, July 26, 1884, ran the first car on what the Associated Press serenely announced as the "first electric railroad for public use in America."

The men were Edward M. Bentley, a lawyer of inventive talent, and Walter H. Knight, former examiner in the electrical department of the United States Patent Office. Their road, called the East Cleveland Street Railway Company, although not wholly satisfactory, greatly disturbed the horse-railroad men.

From the first, the two faced many obstacles. Not the least of these was the fact that horses were frightened at the strangely motivated cars. Another was the objections of the people of Cleveland to the overhead trolley wires. The objections were to be long-lived and repeated in many cities. Bentley and Knight overcame them by devising a wooden conduit, sunk between the rails, which contained the electric conductor. The car took its power from this conductor by means of a contact device known as a "plow."

Passengers were plentiful, though the debate over electric transportation waxed continually hotter.

This was the situation when a new and significant electric lighting plant was opened in Great Barrington, Mass. It was the first to employ alternating current in a commercial system and it used transformers of a particularly efficient type, connected with the system in a particularly efficient manner. The system was the work of William Stanley, then 28, and in it he had

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about Figures



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• PROFIT BUILDERS OF MODERN BUSINESS •

When writing to ACME CARD SYSTEM CO. please mention Nation's Business

utilized the only method of circuit connection which could produce an efficient system.

Alternating current made practical

OTHER men had experimented with alternating current and most of the principles Stanley employed were more or less generally understood. He was the first, however, to combine them all into an efficient whole.

At the time, Stanley was associated with George Westinghouse of the Westinghouse Electric and Manufacturing Company, and, although the transformer was later the subject of long and complicated suits over patent rights, the result of Stanley's work is all that concerns us here. What he had done was to make possible the long-distance transmission of electricity.

Electrical men, used to dealing with direct current and low voltages, were just accustoming themselves to the new conditions made possible by alternating current and high voltages when electric traction took its greatest step forward. The man responsible was Frank J. Sprague, president of the Sprague Electric Railway and Motor Company, electrical manufacturers. The step was taken at Richmond, Va.

A syndicate, organized to build a street-railway in Richmond, awarded Sprague the contract for its construc-

tion. It may be noted in passing that Sprague's experience in street railway work was slight and that the task was seemingly impossible.

In addition to his limited experience, however, Sprague brought to the job a limitless enthusiasm and a blue print of his motor. He went to see John Stephenson, pioneer builder of railway cars in the United States. Stephenson was not encouraging.

"I do not believe that any self-propelled car can operate on such grades as exist under street-car conditions in the United States," he said.

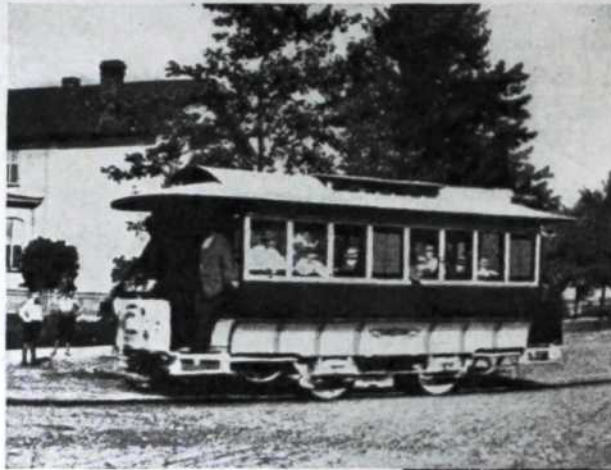
"Mr. Stephenson," Sprague replied, "there has been one difficulty with those cars. None of them utilizes the weight of the car for purposes of traction."

That was an example of Sprague's type of thinking but he soon found that, despite revolutionary ideas, he needed

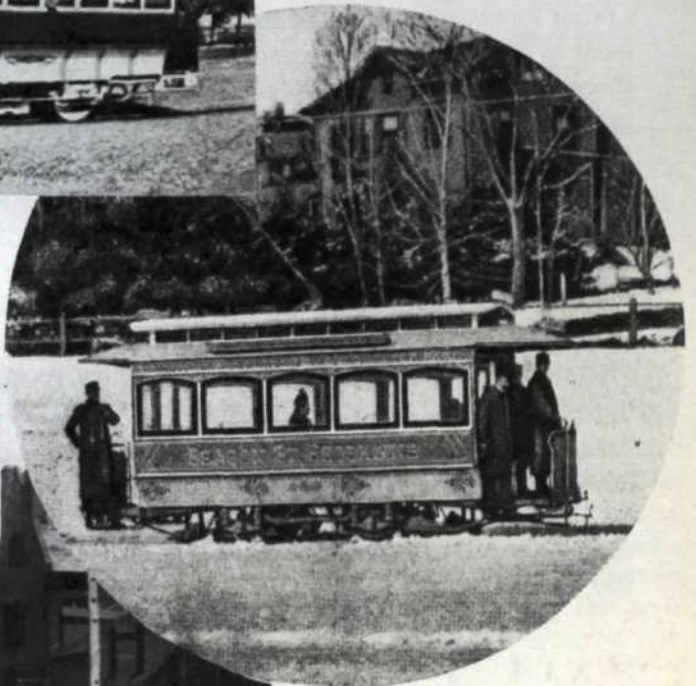
trained, reliable men to help him. One such man he found in the person of Lieut. Oscar T. Crosby, a West Pointer then on duty in New Orleans with the Army Engineer Corps. Crosby resigned his commission to join the new enterprise. He found another in Ensign S. Dana Greene, an Annapolis graduate, who applied for a job and was taken on, not without hesitation.

The three began tests with the utmost perseverance. Cars were run up and down an experimental track in the yard of the Company's manufacturing plant in New York. In one of these first attempts the car, lacking a controller, was stopped only after it had gone through the side of the office and had met the office safe.

In a few weeks, however, a controller was perfected and the enterprise began taking shape. Then Sprague fell ill with typhoid fever and, with the work needing him as at no other time, was confined to bed for nine weeks. His assistants carried on and, when Sprague got to Richmond late in 1887, the track had been built and the trolley-wire system was in place. As he went over the road,



A car on the Cleveland road using the underground conduit, 1884



One of Sprague's cars on the Brookline Branch of the West End Road in Boston, 1888



A grade on the line of the Union Passenger Railway Co. of Richmond

As the Steam Shovel excels the Pick and Shovel Preformed Wire Rope excels old-fashioned ordinary wire rope



**The
NEW**

**The
OLD**



PREFORMING .. a basic principle recognized the World over

IN ENGLAND, Germany, France and Canada as well as here in the United States, leading users of wire rope demand it be made on the preformed principle. This demand is based on service records that prove 30% to 300% increased service over ordinary wire rope — depending on the type of equipment and nature of service.

● TRU-LAY is the fore-runner of all Preformed Wire Rope. Tru-Lay gradually but surely won first rank in the sales of the American Cable Company—until now most of our customers specify Tru-Lay Preformed Wire Rope as a matter of course.

● The chief reason for 30% to 300% longer service with Tru-Lay is the elimination of internal stress. Wires and strands are set to a helical shape so they lie naturally in position . . . whereas in ordinary wire rope there is a constant effort on the part of the wires and strands to straighten out, resulting in early fatigue and premature breakage of wires. Thus Tru-Lay excels ordinary wire rope as the modern power shovel excels the pick and shovel.

● Look at your annual wire rope bill. Then think

what 30% to 300% increased service would mean to your overhead in these days when every dollar counts.

Send for this complete story

- Write for your copy of "Why Preformed Wire Rope" on your business letter-head. This story in pictures is non-technical, can be read and understood in a few minutes. Everyone in any way connected with the use or purchase of wire rope should read it.
- If you prefer to have a representative call, a letter or wire will receive immediate attention. Address:



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TRU-LAY PREFORMED WIRE ROPE

30% to 300% Increased Service [Depending upon the character of the service and type of equipment]

to be drawn and bids advertised so that work on these projects may be started within a month or a month and a half.

CRANE SETS RECORD

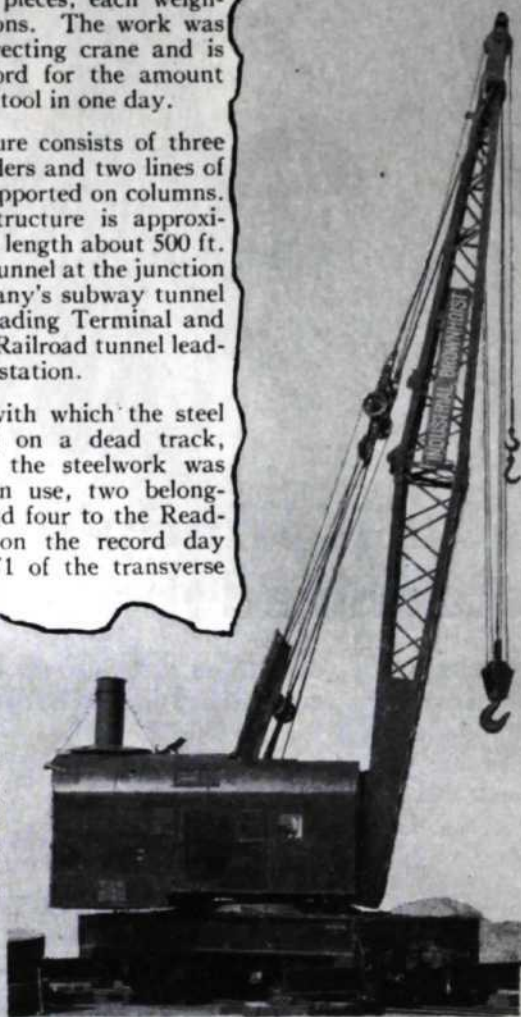
Crane Erects 1,016 Tons of Steel in 9 Hours

On Thursday, Aug. 27, the erection forces of the Phoenix Bridge Co., engaged in erecting subway steel work at 26th St. and Pennsylvania Ave., in Philadelphia, erected in place in nine hours 1,016 tons of steel involving 71 pieces, each weighing a little over 14 tons. The work was done with a single erecting crane and is believed to be a record for the amount of steel set by a single tool in one day.

The subway structure consists of three lines of transverse girders and two lines of longitudinal girders supported on columns. The width of this structure is approximately 144 ft. and the length about 500 ft. It forms the roof of a tunnel at the junction of the Reading Company's subway tunnel leading out of the Reading Terminal and the Baltimore & Ohio Railroad tunnel leading from its passenger station.

The 75-ton crane with which the steel was erected operated on a dead track, but a large part of the steelwork was erected over tracks in use, two belonging to the B. & O. and four to the Reading Co. The work on the record day consisted in placing 71 of the transverse girders.

Clipping reprinted from Engineering News Record. The erection crew on this job consisted of only ten men, and the crane had to travel and have its outriggers blocked for every lift.



It's not alone on structural steel erection nor on big jobs that Industrial Brownhoists are setting records. Seldom, indeed, does one of these locomotive or crawler cranes go to work without establishing new standards for speed and low costs over previous handling methods. This saving applies to practically every industry where materials are being moved. May we explain to you the many uses of a crane?

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio
District Offices: New York, Philadelphia, Pittsburgh, Chicago, San Francisco, New Orleans, Cleveland

INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

Sprague came to a ten-per-cent grade which filled his heart with misgivings. He looked at the grade and decided that one of two things would happen. Either the car, no matter how powerful, would not climb the grade because the wheels would not grip or, if the wheels gripped the track, the motors would not pull the car up.

He hurried back to New York for consultation. Should the Company use a cable to help the cars up the grade or should the gearing be reduced in the hope that the car would cling to the track and pull itself up? Mr. Johnson, president of the Company, ended the conference with the laconic remark:

"Guess the best thing to do is find out whether the car can get up the grade at all."

Practical tests for the cars

THIS seemed a sound suggestion so Sprague went back to Richmond. There, about nine o'clock one night, the trial was made. Sprague, several employees and George Burt, general manager of the railroad syndicate, were aboard.

The test did not start promisingly. A short distance from the end of the line the car stopped in the middle of a sharp curve. Sprague gave the car its full power and they came out.

Then they reached the hill. They stopped at the foot.

"We won't make it," Sprague said.

"You'll make it," Burt replied. "If you can get out of a turn like that you can climb the side of a wall."

They started up. They kept going and, on reaching the highest point on the line, they stopped, surrounded by an enthusiastic crowd which had immediately gathered. Sprague was not eager to go on. He knew the motors were hot and he hoped they would cool down after a brief wait.

But the crowd wanted to see the car go and after a few minutes Sprague turned on the current. The car moved slightly with a peculiar bucking movement. Sprague realized they were disabled. One of the armatures was crossed and the odor of burning insulation filled the air.

Sprague called out in a voice loud enough for the crowd to hear, "Greene, there is some slight trouble with the circuits. You had better go back to the car barn and get some instruments so we can locate it."

Greene was alert to the situation. He knew what had happened. He started back at once, but he did not hurry.

Sprague turned out the lights and lay down on a seat. The crowd, tired

"RIDE ON THAT THING . . . UPON MY SOUL, NO!"



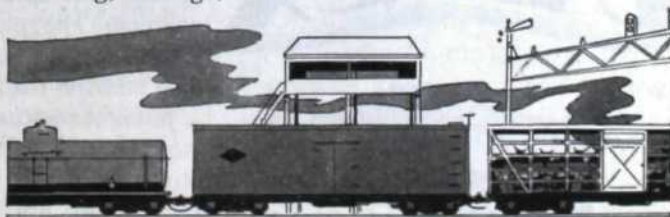
The aged John Randolph of Virginia, famous American statesman and Minister to Russia, refused to ride on the early horse-drawn railroad. He was suspicious and distrustful of the new-fangled contraption that went 13 miles in 65 minutes.

WE SMILE at John Randolph's fears because today we do not question the reliability of our railroads. Without railroads the whole aspect of our civilization would be changed. We depend upon them for the very essentials of life . . . food and shelter and clothing. In our dependence upon railroad transportation we also depend upon the General American Tank Car Corporation . . . the railroads' foremost aid. Railroads throughout the country, engaged upon the serious business of providing for a nation's needs, know they can rely upon General American for special freight cars to supplement their service whenever necessary.

This enables most railroads to operate more economically than would be possible if they had to maintain their own cars, whose use fluctuates greatly according to seasonal demand. Many railroads operate only enough special cars (such as refrigerator or tank) to take care of their daily needs. For large seasonal shipments they call upon General American to supply the additional carriers. In this way, they eliminate a wasteful 365

day investment and maintenance in equipment that may be used only 30 or 60 days. And General American, supplying first one road and then another, keeps its fleet busy throughout the year.

And in this way does General American aid these railroads, which today are the most efficient mode of transportation man has ever known. In addition to leasing cars to railroads and private shippers, General American builds *every type* of railroad freight car. Its diversified activity also includes the operation of a large public terminal for the handling and storage of bulk liquids and the maintenance of an extensive European freight transportation system. *Address Continental Illinois Bank Building, Chicago, Ill.*



GENERAL AMERICAN TANK CAR CORPORATION

BUILDERS OF ALL TYPES OF RAILROAD FREIGHT CARS

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DETEX NEW MODEL NEWMAN

The Standard Newman
is now Interchangeable

The New Model Newman offers the great advantage of the old, that is the making of a record that could not be disputed or altered, and offers also the new feature of interchangeability.

The recording mechanism has been improved so that the same security of service is provided, but without the necessity of returning the clock when stations are to be added or new keys made.

This feature not only adds to the continuity of service, but also serves to make the system fully interchangeable within the plant. Clocks in a system can be provided with proper combinations so that all keys of the system will register in all clocks. Stations can be added and routes shifted as desired.

The Detex Newman offers to an even greater degree those qualities of certain recording, proof against tampering, durability and service that have long made it the leader among key registering clocks.

Send for complete information.

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NEW MODEL DETEX

NB-1



Representatives in all large cities in America and abroad

When writing please mention Nation's Business

of watching a dark and idle car, dispersed. Not a soul remained when Greene returned with the instruments—four powerful mules.

The hill had been climbed but the demonstrated difficulties seemed greater than ever. A change in gearing between motors and axle was imperative but time was practically up and the syndicate was clamoring for operation.

Work solved the problem of gearing, but the problem of a commutator brush that would not arc over in operation, thereby scratching the commutator-segments, proved a nightmare. A brush of brass was finally devised but it was only partly successful. It resulted in a pyrotechnic display in the vicinity of the motor and a shower of brass particles fell in every direction until the track was marked by a continuous border of brass. The metal was used up at the rate of nine dollars' worth a day.

Nevertheless in January, 1888, preparations were made for regular service. A day was spent carrying loads of school children. The brushes did not work too well but the cars were kept running.

An inauspicious beginning

THEN, February 2, 1888, in a drizzling rain, public service was begun. People swarmed on the cars and things went smoothly for a while. Then car after car stopped in the street and refused to move. The new gears had developed a habit of locking. Sprague thought their construction faulty. One of his workmen, Pat O'Shaughnessy, insisted it was lack of lubrication. He was right. The gears were lubricated and service went on.

Then the metal brushes began to ruin the commutators and in turn the armatures. Interruptions became continuous. Motor fields, too, had to be rewound. But the road kept running.

In an interval when electrical difficulties were momentarily solved, a sleet storm came. O'Shaughnessy rode the tops of the cars, knocking ice off the trolley wire with a broom.

The next spring the road was still running. The public, unaware of the difficulties and financial drain, rode the cars and the road's fame spread.

Sprague increased the number of cars from ten to 20, then to 30, then to 40—ten more than the contract called for. By the end of April, 6,000 persons were riding the cars every day but the brass commutator brushes continued to give trouble. Finally Charles J. Van Depoele, who had become affiliated with the Thomson-Houston Company in Lynn,

Mass., suggested carbon blocks for brushes and that solved the difficulty of Sprague's road in Richmond.

While the Richmond road was struggling onward to success, another line, the Eckington and Soldiers' Home road, was opened in Washington. Its fame lay chiefly in the governmental endorsement it received. The United States Senate itself went on record as approving, in principle, electric street railways operating by overhead wires. This opinion, broadcast through the land, added to the ever-widening prestige of electric traction for street-car lines.

The Richmond road converted most of the doubters, while the Washington road convinced the remainder. The West End road in Boston finally clinched the argument. When the directors of this road decided to swing from cable traction to electric, they turned to the man who had accomplished the Richmond miracle.

In the meantime the Thomson-Houston Company had entered the field and a year earlier had begun operation of an electric road at Crescent Beach, near Boston. It, too, wanted the West End contract. The directors of the West End road welcomed a competitive trial between the two companies and gave the Thomson-Houston Company the Cambridge division, running from Bowdoin Square, Boston, to Harvard Square, Cambridge and thence to Arlington.

From February 16 to June 27, 1889, the trial went on.

Then, on the latter date, the contract was awarded to the Thomson-Houston Company. With the contract went an order for a million dollars' worth of equipment. The electric street railway had arrived in the transportation field. *In the first article in this series—in our November number—it was erroneously stated that Professor Elihu Thomson built his first arc-lighting system in 1889. The date should have read 1879.*

(This is the concluding article of a series of three by Mr. Hammond.)

Soliciting buyers

A NEW plan to attract buyers has been announced by the world's oldest goods exchange, the Leipzig Trade Fair. American buyers visiting the spring fair, March 6 to 12, the management has announced, will have expenses of their trips refunded in cash on the basis of the orders they place. Some 9,000 of the newest industrial products of 25 countries will be displayed. —F. A. C.

4 of every 5

great department stores in Metropolitan New York cut costs with *Comptometers*

WHY do so many large department stores in the great retail center, New York, use Comptometers? The reasons are:

(1) *The tremendous savings made by segregating figure-work.*

(2) *Comptometer SPEED . . . so necessary in department-store accounting.*

(3) *The efficiency of planned, modern accounting forms and proper work-routines, made possible by Comptometers.*

One famous department store has a sales-auditing cost (from the writing of the check by the sales-clerk to the finished posting of the clerk's salary to the payroll sheet) of less than \$2.50 per thousand transactions! Another installed a battery of 30 Comptometers and saved more than \$30,000. In another, 12 Comptometers replaced 25 machines previously used.

Similar savings are made by department stores throughout the country, small as well as large. A store in a Middle Western city of 56,000 population does a business of two million dollars a year. It put in 6 Comptometers and saved 50 per cent in time and money. The manager states that he now gets the cashier's balance for the former day before 10 o'clock each morning.

Comptometers are used for every kind of department-store work: sales auditing; statistics; accounts payable; accounts receivable. In every line of business they bring new standards of efficiency. The average *minimum* saving for companies installing Comptometers is \$1000 a year per machine.

If you should analyze the figuring-costs in your office, we



THE COMPTOMETER
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believe *you* would use Comptometers, as four out of five large New York department stores do now. Let a Comptometer representative show you the savings that can be effected. Telephone the office in your city. Or write us direct. Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago.

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(TRADE-MARK)

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"Do you know that your partnership will be dissolved by law if one of you should die?"

Metropolitan Life's contracts afford a means to

- create estates and incomes for families
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- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
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Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



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YOU three partners have established a fine business. Working together you can guard your mutual and individual profits in your company. But do you know what will happen to your company if one of you should die? It will be dissolved by law.

"Unless you are prepared to make a cash settlement fully equalling the value of a deceased partner's share of the business, the survivors may be compelled to liquidate the assets of the firm by selling out the business at the best price obtainable.

"In case of a forced sale, tangible assets are often sold at a loss and the intangible assets—such as good will—are wiped out. Then the surviving partners or the estate of the deceased get only a portion of what they had a right to expect for their years of hard work and thoughtful planning."

Are you a partner in a business—whether large or small? If so, why not ask a Metropolitan Field-Man to present a program by which you can fully protect the mutual interests of your partners, yourself and the estate of each?



For details of such Program, or insurance policies in any amount, consult a Metropolitan Field-Man or write

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FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

Good News of the Nation's Business

"DEPRESSION, depression," growled the Office Pessimist. "That's all you see or hear these days."

"Wrong again," chirped the Office Optimist. "You're looking for bad news—and finding it. Try looking for good news awhile."

Just to prove the O. O. wrong, the O. P. took his advice, clipping and listing whatever items of cheerful business import his eyes encountered. Looking over the results after a few days, he became interested. Collecting such items from his mail, his morning papers and business publications became his diversion.

For a full month he continued the process, growing progressively more cheerful. True, he still moans hollowly at times, but he's changed his mind about it being smart business to sell the country back to the Indians. The following represents only a fraction of the news of good or improving business he found.

SHEET STEEL production during October was 122,739 net tons; during September, 116,842.

AN ORDER for a million dollars' worth of steel rails has been placed by the Louisville and Nashville Railroad Company.

GULF STATES Steel Company, Gadsden, Ala., has resumed operations in all departments at 50 per cent capacity.

CARNEGIE STEEL Company has recalled 3,500 employees to its Braddock mill.

READING IRON Company has recalled 500 men.

REPUBLIC STEEL Corporation, American Can Company, Libby-Owens-Ford Glass Company have announced recalls of employees.

FOLLANSBEE BROS. & Company have reopened six tin and five sheet mills at Follansbee, W. Va., giving at least part-time work to about 700 employees.

STEEL MILLS in the Wheeling district and Ohio Valley have recalled 1,200 men, idle for a month or more.

HOMESTEAD Steel Works, Homestead, Pa., has resumed operation of six plate mills and the open hearth department, raising the rate of operation to 50 per cent of capacity.

COTTON consumption for the three months ending October 31 was 1,351,000 bales as compared with 1,189,000 bales during the same period in 1930. World consumption of American cotton in October was 1,027,000 bales, as compared with 982,000 bales in September and 961,000 bales in October 1930.

THE ASSOCIATION of Cotton Textile Merchants reported a three-year high of unfilled orders on October 31, representing an increase of 51.7 per cent over those on hand September 30.

EUREKA MILLS, Englewood, Tenn., began working full time, day and night, to fill knitted underwear orders.

CAROLINA Absorbent Cotton Company, Charlotte, N. C., has completed doubling its plant and has reported more orders on hand than at any time in 24 months.

PERMITS for new non-residential buildings in 343 cities increased 2.4 per cent in estimated cost in October over September. Dwelling units increased 12 per cent in space.

CONSTRUCTION permits in the New York metropolitan area in October totalled \$89,518,000 as compared with \$80,053,300 in October 1930.

THE PUBLIC buildings program was giving employment to 50,000 men on Nov. 4, President Hoover announced. He estimated the number would rise to 100,000 by January 1.

IN 25 leading Pacific Coast cities October building permits increased 9.4 per cent in dollar volume over September's.

LUMBER ORDERS for the week ending November 21 were 19 per cent above mill cut. It was the fourth successive week in which orders had substantially exceeded production.

MORE THAN \$6,000,000 is being spent in construction work in the Yakima Valley district of Washington by governmental authorities.

MARQUETTE Cement Manufacturing Company reported October cement shipments 17 per cent above September's and 25 per cent greater than those in October 1930. Shipment of 55,000 barrels on October 3 set a new day's record.

GRAHAM-PAIGE Motors Corporation reported retail sales in October were the largest for any month since June and 16 per cent higher than for October 1930.

WILLYS-OVERLAND Company reported October sales 92 per cent above those for October 1930.

BENDIX Aviation Corporation in October reported more new business in brakes, carburetors, drives and other products during preceding 90 days than in any previous full year of its history.

CADILLAC-LA SALLE October sales were above both September's and August's.

FISHER Body plant in Janesville, Wis., recalled 1,000 employees; Memphis plant recalled 1,400.

CHEVROLET'S Janesville plant recalled more than 275 men; its Toledo plant reopened, recalling 1,500 men, including day and night crews.

HUDSON-Essex added 2,000 men to its pay roll in Detroit during the third week of November and planned to add 7,000 more shortly.

FISK Rubber Company plant at Chicopee Falls, Mass., has ended a long shut-down by recalling 1,600 men.

THE AUTOMOBILE industry was expected to produce \$120,000,000 worth of automobiles in the 60 days beginning November 10, with production thereafter increasing.

CHICAGO Yellow Cab Company purchased 1,000 cabs, costing some \$2,000,000 from the Checker Cab Manufacturing Company, Kalamazoo, Mich.

STUDEBAKER Corporation placed a \$200,000 machine tool order, with orders totalling \$300,000 more to follow.

FORD Motor Company solved unemployment problem in Dearborn, Mich., by hiring 2,500 idle residents.

ELECTRIC Auto Lite Company, with new schedules for lighting, starting and ignition equipment, recalled several hundred workers.

PIERCE-ARROW Motor Car Company reported on November 25 that 800 men had been added to the pay roll during the preceding 30 days.

READING Railroad on November 29 announced immediate expenditure of more than \$4,000,000 for equipment and construction work.

NEW freight car orders by railroads totalled 798 in October, as against three in September.

A \$10,700,000 contract for 500 subway cars, between the city of New York and the American Car and Foundry Company, has

What Kind of Audit?

AUDITS vary in quality and scope. The *Quality* depends upon the experience, ability and application of the auditor; the *Scope* is a matter of your instruction.

Of course, *Every Audit should be a Detailed Audit*. This is an expert and independent study in *detail* of the items represented in mass by balance sheet figures. It discloses the many important facts underlying the figures; verifies; clarifies. It brings to light avoidable leaks and wastes; finds the flaws in accounting, in credit and collection methods; points to possibilities for greater profits, and is free from qualified statements of the balance sheet audit.

The *Balance Sheet Audit*, in spite of obvious limitations, when properly made is more than a mere building up of statements from book figures without careful analysis and substantiation.

The Balance Sheet Audit can be ordered with a specification calling for a partial Detailed Audit covering a period sufficiently long to give at least a cross section of the business and a picture of actual conditions.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

AKRON	DALLAS	HOUSTON	NEW ORLEANS	ST. PAUL
ATLANTA	DAVENPORT	INDIANAPOLIS	NEW YORK	SAN ANTONIO
BALTIMORE	DAYTON	JACKSON, MISS.	OMAHA	SAN FRANCISCO
BIRMINGHAM	DENVER	KALAMAZOO	PHILADELPHIA	SEATTLE
BOSTON	DETROIT	KANSAS CITY	PITTSBURGH	TAMPA
BUFFALO	ERIE	LOS ANGELES	PORTLAND, ME.	TOLEDO
CANTON	FORT WAYNE	LOUISVILLE	PROVIDENCE	TULSA
CHICAGO	FORT WORTH	MEMPHIS	READING	WASHINGTON
CINCINNATI	GRAND RAPIDS	MIAMI	RICHMOND	WHEELING
CLEVELAND	HARTFORD	MILWAUKEE	ROCHESTER	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W. VA.	MINNEAPOLIS	ST. LOUIS	YOUNGSTOWN

been approved—also contracts with General Electric Company and Westinghouse Electric and Manufacturing Company for motor equipment, totalling \$3,803,625.

THE first 20 railroads to report October results showed net operating income of \$23,295,000, as compared with \$18,400,000 reported by the same roads for September.

UNION Pacific Railroad on November 18 announced plans to return 3,500 workers to shops in Denver, Cheyenne, Pocatello, Los Angeles, Portland and Omaha.

SOUTHERN Railway Company was reported planning industrial developments in the South involving \$282,000 and which would employ 773 men.

LEHIGH Valley Railroad has ordered 20 high-speed freight locomotives, ten from American Locomotive Company, ten from Baldwin Locomotive Works.

CHICAGO, Burlington and Quincy and the Gulf, Mobile and Northern railroads are completing first units of a \$5,000,000 barge terminal, railroad yard, ship dock and warehouse at New Orleans.

SOUTHERN Pacific Railroad opened a million-dollar wharf at New Orleans on October 1; has purchased site and is preparing specifications for an \$8,000,000 water-front produce terminal.

BOSTON & Maine Railroad will build 25 new steel cabooses in its Concord, N. H., shops during January and February.

OVERSEAS Railway has ordered two more ships, at a cost of \$2,000,000 for its freight-car ferry service between New Orleans and Havana.

MISSISSIPPI Valley Barge Line has advertised for bids for from ten to 20 additional craft, to double the line's freight capacity.

REO'S new passenger car registrations for October exceeded all previous months since May.

REGISTRATIONS of International Motor Trucks in New York City for the first nine months of 1931 were 56 per cent above those for the corresponding period in 1930.

OCTOBER sales of new automobiles in Cook County, Ill., exceeded those for the corresponding month of the previous year for the first time since 1929.

CHRISTMAS Savings Clubs paid out nearly \$593,000,000 to members. Accounts were as numerous in 1931 as in 1930, though smaller.

ELECTRIC output of subsidiaries of Central and Southwest Utilities Company from September 20 to November 21 was two per cent above that during corresponding nine weeks in 1930.

ASSOCIATED Gas and Electric System reported an electric output of 63,678,110 kilowatt hours for the week of November 7, an increase of 2.6 over the corresponding week in 1930.

CONSUMPTION of electricity in 5,000 communities served by Middle West Utilities System was running 6.3 per cent ahead of 1930, it was announced in November.

Morning Tonic

MERLE THORPE'S BOOK

"How's Business?"

is a volume so dynamic, so urgent, so appreciative, so cordial and so wise that a mighty good use could be made of it right now. It ought to be read, chapter by chapter, before every Chamber of Commerce Forum, every Rotary, Kiwanis and Lions Club. It ought to be the good morning tonic of every depressed business man.

The Oregon Daily Journal, Portland, Ore.

CLIP this advertisement and send it with your check for \$2.50 to the publisher, Harper & Brothers, New York City. Your copy will then be placed in the mail at once.

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"FOREMOST FOR MORE THAN FIFTY YEARS"

October power output was 416,912,000 kilowatt hours; in October 1930, 381,929,000.

TOTAL income of the Electric Power and Light Corporation was \$12,488,135 for the 12 months ended September 30, as against \$11,989,710 for the previous 12 months.

OCTOBER shipments of the Dallas division of the Revere Copper and Brass Company were 34 per cent more than September's.

NEW YORK Telephone Company directors authorized \$563,360 in new construction in the state, bringing total for the first 11 months of 1931 to \$58,603,280.

ANTHRACITE industry in Pennsylvania in November went back on a bimonthly million-dollar pay roll.

KELLOGG Company, Battle Creek, Mich., in November was employing 20 per cent more workers than a year ago.

MELVILLE Shoe Company announced plans to open 50 new stores and to remodel 478 others.

CLINTON Carpet Company will match its 1931 advertising appropriation in 1932, representing an increase of more than 40 per cent over 1930's.

AMERICAN exports for October totalled \$205,000,000, the largest since April and \$25,000,000 more than September's.

FOR THE first time, the Endicott-Johnson Corporation tannery in Binghamton, N. Y., worked its 500 employees on Thanksgiving Day. Rush of orders for leather made operation necessary.

SALES during the fiscal year ending October 31 were 12 per cent higher than during the previous year the Jarman Shoe Company, Nashville, Tenn., reported.

EMPLOYMENT in Cleveland gained one-half of one per cent in October over September.

INDIANA plans to spend \$25,000,000 in road building during the year.

GAINS in dollar sales during October over the corresponding period in 1930 were reported by ten chain-store companies—Walgreen, 6.4 per cent; W. T. Grant, 4.8; McCrory Stores, Inc., 7.6; H. C. Bohack Company, 9; Bickford's, Inc., 23.7; F. & W. Grand-Silver Stores, 8.3; Peoples Drug Company, 5.4; G. C. Murphy Company, 5.79; Schiff Company, 2.8; Winn & Lovett, 7.5.

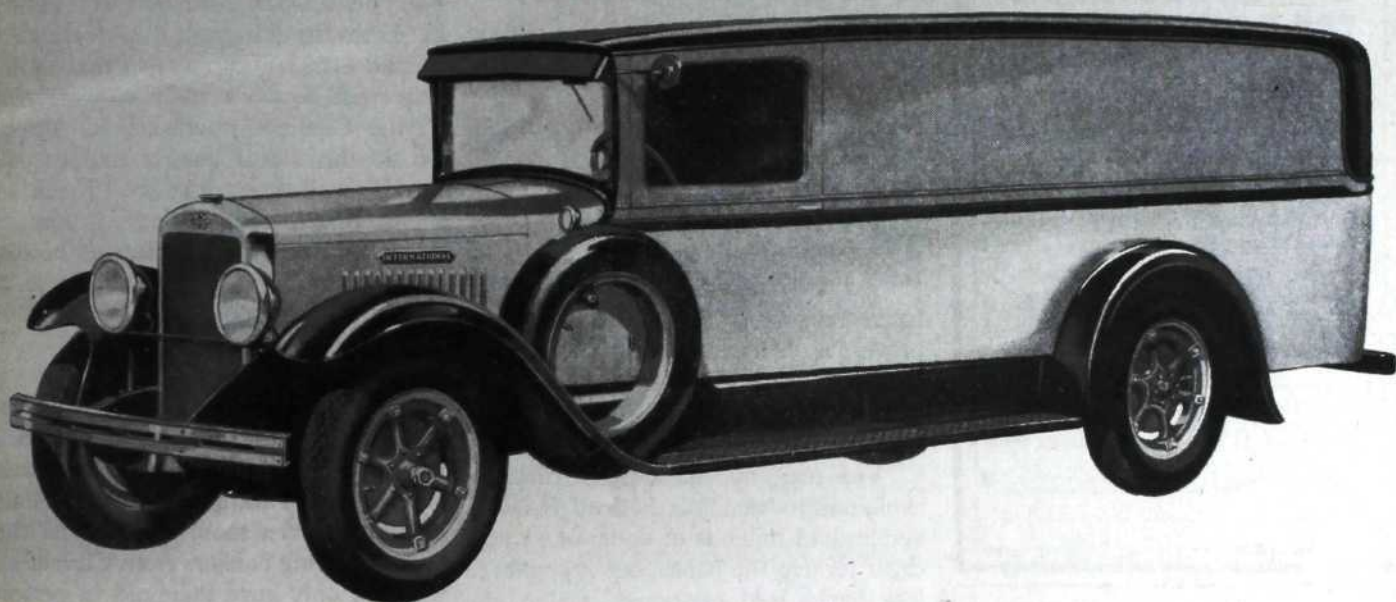
RADIO Corporation of America reported \$3,957,489 net income during first nine months of 1931 as against \$870,753 for corresponding period of 1930.

ANHEUSER-BUSCH, Inc., ordered 4,000 electric refrigerators from Copeland Products, Inc.

DRIVING of golden spike at Bieber, Calif., November 11 completed a new rail outlet from Northern California. A 100-car train of Shevlin pine lumber rolled eastward over the new rails.

INTERNATIONAL Harvester Company resumed active operations in all of its factories in the United States and Canada.

INTERNATIONAL HARVESTER

*Announces a**new 6-cylinder truck*
**1½
TON**
*Two wheelbase lengths,
136 and 160 inches*

International Harvester takes particular pride in announcing this new truck. Even to an organization which has made quality trucks for nearly thirty years, the Model A-3 is an outstanding example of both design and construction.

The Harvester organization presents the Model A-3 as reflecting the century-old reputation for quality that is behind all International products. It offers this lasting quality in a truck of smooth 6-cylinder power at the remarkably low chassis price of \$795.

Look at this new truck... and do not hesitate to judge its value by what you see. For International appearance is an accurate indication of International performance... and the A-3 is no exception to this rule.

Here is a truck of great stamina... a fast truck... a powerful and dependable truck. It is beautiful both inside and out. And judged on whatever basis of cost-figuring you may use, you will find it decidedly economical.

\$795
*for the 136-inch wheelbase
chassis, standard equipment,
f.o.b. factory*

Go to a dealer's showroom, or to one of the 183 Company-owned branches in the United States and Canada. See the new Model A-3. Then test it in your own way on your own job. Then *own* it.

And remember that when you do own it, you can rely upon the famous Harvester Company service organization to make sure the Model A-3 will deliver the famous International service to you!

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA Chicago, Ill.
(INCORPORATED)

Model A-3 Features

4-speeds forward and 1 reverse
...powerful 6-cylinder, L-Head
type engine, 3¼-inch bore x
4½-inch stroke...11-inch single
plate, vibration-dampened
clutch...irreversible cam-and-
lever steering gear...semi-el-
liptic auxiliary rear springs...
4-wheel, mechanical internal-
expanding shoe type brakes...
2 wheelbases, 136 and 160-inch.


INTERNATIONAL TRUCKS

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Good News for Family Men

Fifty dollars per month or more guaranteed income to your family, if you are not here to give them your personal support, until your youngest child has passed the dependent years, is now possible to holders of standard John Hancock policies, subject to company regulations.

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The Seattle Daily Times, Seattle, Wash.

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Akron Kept Its Banks Going

By FRED B. BARTON

A STORY of community teamwork which raised 15 million dollars in one fevered week-end, staved off business paralysis, provided liquid assets for the city's banks and made "Business as Usual" a fact rather than a community slogan

BUSINESS is normal in Akron. People are shopping; there is none of the fear that has paralyzed trade in some cities. The banks have solved their problems, which proves, as a local newspaper explains, that the Lord helps those who help themselves.

They are calling this the Akron Plan. "You see," an Akron bank director explained to me, "the Federal Reserve system had millions of dollars and was eager to help the banks, but it couldn't. The banks held mortgages, real estate loans, collateral loans—mostly from individuals. The Federal Reserve couldn't discount that type of paper.

"So we formed a pool of 15 million dollars and took over some frozen loans from the banks. That puts Akron banks in liquid shape. It not only gives them capital to meet current needs, but also provides funds to go ahead, funds for the expansion of business enterprises. That means that local business can begin now to pick up."

Fifteen million dollars is a large sum to raise at any time, but in Akron the raising was done over one terrific week-end. The Akron business men who provided this enormous fund are not exceptionally rich nor exceptionally civic-minded. They don't love their competitors or their bankers one bit more than the average. But on Sunday, October 18, every firm in Akron put down its selfish interests and devoted its time and its manpower and its funds to save the city's banks.

Akron bankers were big enough to lay their cards on the table and ask for help. Some will tell you that these bankers didn't have their clothes off for a week. And over in the Mayflower Hotel, from eight o'clock Sunday morning until four o'clock Monday morning,

a hundred local businessmen worked and planned and fought and organized until, gradually, the Akron Plan was born.

Think for a moment of this picture. Forty-four Akron businesses were called in, shown the emergency, and persuaded to lend \$100,000 or more of their business credit to a new body, to be known as the Credit Corporation of Akron. To do this, 44 businesses had to call meetings of their directors. Think of the driving force necessary to rouse so much favorable action! It was heroic, monumental.

Busy all day Sunday

TWELVE trunk-lines to New York were open all that Sunday. New York sent some men to Akron by airplane; one big New York bank subscribed half a million. Even more helpful was the aid of four big bankers from Cleveland, who not only gave their aid in person but took two million dollars of debentures and underwrote another million in the financing of this new Credit Corporation.

At first it was planned to raise ten million dollars and buy that quantity of frozen mortgages from Akron's banks. Already it had been decided to merge the First-City and the Central-Depositors Banks and directors of both institutions worked out the basis for the merger that very day. The four other banks of the city were to be helped as needed.

"But, gentlemen," spoke up Ira J. Fulton, state superintendent of banks, who also was there all day, "you are proposing to give Akron a bank with 75 million dollars in resources and only five million dollars in capital. I cannot give the approval of the State of Ohio to such a bank. It must have at least seven and one-half million capital."

That meant an extra two and one-half million had to be provided for the merged bank, the First-Central Trust Co. They raised it. Each board of directors underwrote a quarter million of new stock, and the Credit Corporation subscribed two millions. To make sure the Credit Corporation had enough cash to do a permanent job, the organizers

AMERICAN MANAGEMENT ASSOCIATION'S New HANDBOOK OF BUSINESS ADMINISTRATION



... Gives 5 Reasons for Big Growth in Branches

We quote the following with permission from pages 1009-1011: "WHY A BRANCH ORGANIZATION? In the past few years there has been a definite movement towards parent concerns establishing branches. The Commercial Service Company reported that for the month of August, 1929, alone 52 new chains and 937 branches were established. They may be factories, warehouses, sales headquarters, or complete, almost self-contained units. Why this activity?

1 "Hand-to-mouth buying becoming the national merchandising policy since the war is one prime cause. The retailer refuses to carry heavy stocks. The manufacturer or distributor must, therefore, carry ample stocks to have them readily available. This means branch factories, or branch warehouses, or branch offices strategically located.

2 "Accessibility of markets ranks high as a factor. Management is now under heavy pressure to get the business. Branches are located where the business is or is thought to be.

3 "Competition comes in for its share—though this is less a factor than one might first think.

4 "Costs have risen. Transportation is a heavy cost factor in many lines.

5 "The chief and most consistent reason, however, in establishing branches is 'service to customer' and its related factor, 'personal nature of service rendered.' This is a far cry in corporate management from the good old trust-busting days of twenty years ago. Service—the spirit of progressive American business."



Learn Why 437 Concerns have Opened Branches in Dallas in 1930 and 1931

All of the five reasons for the expansion of branches quoted above apply with great force to Dallas. Two hundred and forty-one branches were located in Dallas in 1930—an increase over 1929—and to date 196 branches have come in 1931. Briefly, here are some of the reasons: (1) Dallas' strategic location in the center of the Southwest market of 12 million persons with annual incomes totaling 6 billion dollars; (2) Dallas' transportation advantages with the lowest costs of delivering goods to all of this market, because of the Southwestern mileage

scale of rates; (3) the new free store-door delivery and pick-up service up to 300 miles recently inaugurated by Southwestern railroads, which gives concerns with facilities at Dallas full advantage of this new ruling.

Other reasons for the rapid trend toward Dallas are tax, labor, raw material, fuel, financial and warehousing advantages. All are presented concisely in a 144-page book, "The Southwest Market", free to executives. Write on your letterhead or use the coupon.



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to American Business

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621 Chamber of Commerce Bldg., Dallas.

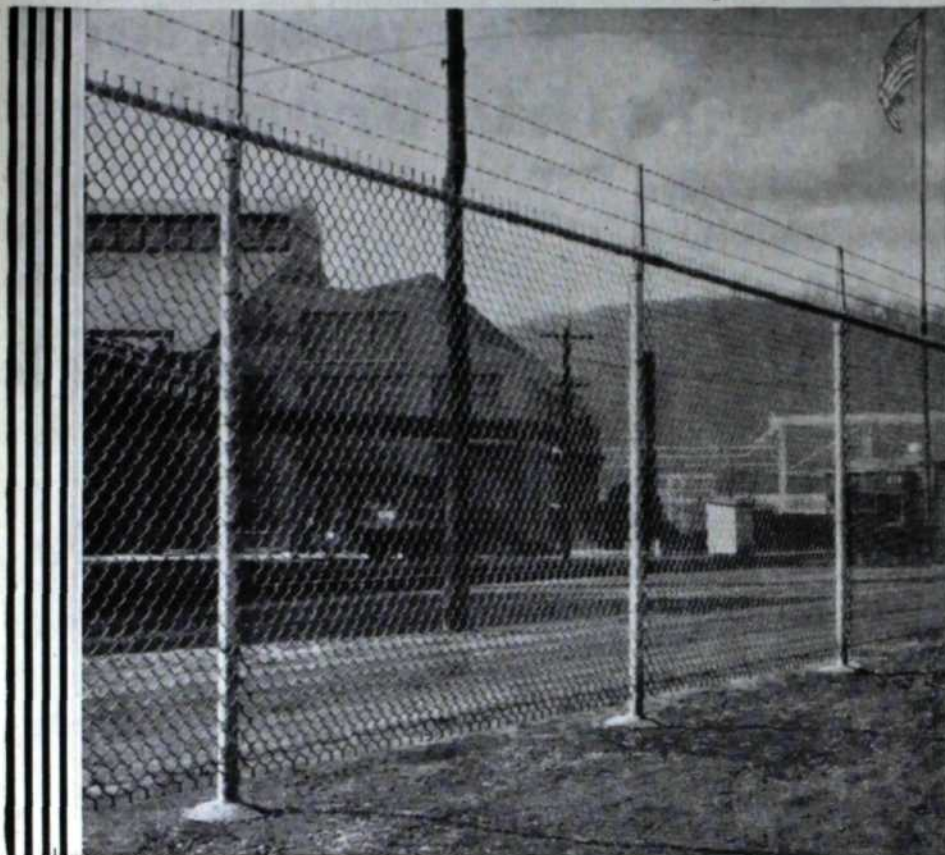
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Is YOUR latchstring out?



Does your unfenced plant say "welcome" to all the world—tramps, thieves, idlers, strikers, vandals, incendiaries, spies, and anyone else who has a mind to enter? Perhaps that was all very well before the days of organized crime . . . But "times have changed." The very nature of public temperament today demands *positive protection* for industrial plants.

Pittsburgh Chain-Link Fence provides a constant, positive and continuous protection for buildings and grounds. Designed to retain its shape, it is resilient to

shock, non-climbable and easily repaired. Made of rust-resisting copper-bearing steel, heavily zinc-coated *after weaving*, it is doubly insured against corrosion . . . Erected on a sturdy framework of steel pipe terminal posts and top-rails, and solid "H" section line posts, it will give many years of highly satisfactory service.

Pittsburgh Fence erection service is available in every section of the country. An inquiry will bring a quick response from our nearest authorized distributor or branch office:

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San Francisco
Memphis
Dallas



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gave it 15 million dollars and hoped for even more. "The more we have, the less we'll need," they told each other.

It was nearly daylight when all the legal work was ended and the organization of the Credit Corporation of Akron completed. Then the 44 Akron businesses handed over notes or checks for half of their commitments, the other half to follow on demand. At eight o'clock a caravan of 150 armed guards brought three million dollars from the Federal Reserve Bank of Cleveland and locked it in the vaults of Akron's banks. Bank runs in Akron ended that morning.

It was George W. Merz, president of the Akron Clearing House, who brought the banks and the rubber companies together for the good of the town. The heads of these four rubber companies then led or inspired—or possibly bullied—Akron into a community action which might otherwise have been thwarted by pettiness or jealousy or indifference. All credit therefore to Paul W. Litchfield, president of the Goodyear Tire & Rubber Co.; Harvey S. Firestone, president of the Firestone Tire & Rubber Co.; James D. Tew, president of the B. F. Goodrich Co.; and William O'Neil, president of the General Tire Co.

You never saw such harmony. Business chiefs dropped their work to get \$25,000 pledges from smaller businesses and cover the amounts that had been underwritten. Some one loaned some desks, another firm loaned a stenographer. The business details that had been forged in preliminary discussion proved wise and practicable. Papers of incorporation were promptly filed in Columbus and the Credit Corporation was a going concern, with P. E. H. Leroy, treasurer of Goodyear, its president, and executives from the other rubber companies and the big Akron stores as directors.

Banks in liquid condition

THE Credit Corporation will pay out when banks and individuals are once more making money. It hopes to make a profit, although that is incidental. Meanwhile, Akron's big banks and its four smaller banks are beautifully liquid and content.

"I want you to know," the president of the Central-Depositors told his stockholders when they voted 106,000 shares *for* and only 47 *against* the merger which was one step of the Akron Plan, "that we are all fortunate to be living in Akron."

Business is normal in Akron. And getting better!



REBUILD ON A BETTER BASIS ...WITH THE THINGS THAT WILL SURVIVE

EVER since depressions first began to visit these United States, Time, that Tough Old Tester, has seen them come . . . and go.

And through every depression of the last 83 years, the Reading Iron Company has watched the return of sober common sense in buying as the ebbing tides of business turned back . . . as prices were once more viewed in the cold, hard light of cost sheets.

Depressions set topsy-turvy values right again. Pipe that seemed "a bargain at the price"—pipe that came heralded by gaudy promises that it was "just as good"—experimental alloys offered as a cure-all for pipe ailments—all are scrutinized more closely. The often-embarrassing question, "How long does it last?" is asked more and more.

The laboratory cannot answer. Only the records of Time tell the truth—sometimes startling to those who have never been through a depression—that *low cost per year of service*, based on the proved long life of the product, is the *only* kind of "low cost" that a pipe buyer can afford to consider!

Proof That Has Grown Through Four Generations

Through four long generations of use, Reading Puddled Iron Pipe has proved beyond the shadow of a doubt that it costs you *less* per year of service.

Scientists have theories to explain this pipe's unmatched endurance—but we don't ask you to listen to theories.

There's *specific* evidence. You'll find it in the thousands upon thousands of *actual service records* which grow as thick as dandelions throughout the country. Thirty . . . forty . . . sixty . . . seventy year records that pile up in overwhelming number to show that Reading Puddled Iron Pipe resists rust, corrosion, vibration and electrolysis as does no other!

The Reading INDENTED Spiral Means Lower Costs

If you are one of those who must undertake the sad, costly duty of replacing quickly rusting pipe whose only attraction was a tempting *first price*—if your organization has listened to the siren song of the "just as good"—or if you are thinking of rebuilding on a more economical basis—turn to Reading Pipe. It costs you *less* because it *lasts*. It lasts because it's made of genuine Puddled Iron. You can only be sure of getting it by finding the Reading *indented spiral* on every length of pipe you buy. Send for our free booklet, "The Low-Down on the Pipe Business." It contains facts that every pipe buyer or user needs to know.

For information and quotations address

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When writing to READING IRON COMPANY please mention Nation's Business

Yours Received and Contents Noted

Some Readers' Views on Current Topics

A farmer's remedy

TO THE EDITOR:

Here is a working farmer's solution of the problem of this depression. Cut the farm mortgages to half. That's cutting the Gordian knot that is strangling agriculture and ultimately all other business. And listen—nobody loses anything, believe it or not. The farms that have been foreclosed are now being offered for sale by the foreclosers at much less than the amount at which they were foreclosed. Informed people know that they will have to be lowered a great deal further before the farms are sold.

So my solution would net the insurance and loan companies just as much and without the expenses of foreclosure, supervision of foreclosed farms, and high pressure salesmanship necessary to sell the farms to new owners.

Next, it would automatically sort out and help the big majority of farmers and the ones who actually need the help most.

Next, it would stop home losses which are running into the thousands for every one new home owned. Next, it would so lighten the load, that we farmers could each have something left for urgently needed replacements.

J. E. BELL
Farmer
Mexico, Mo.

The least ballyhoo

TO THE EDITOR:

Manufacturers of almost everything offered for retail sale are becoming package conscious. But "packaging," as we who have grown up with the art understand it, is quite different from their conception. Many manufacturers view packaging much as they viewed advertising in the days of "It pays to advertise." An artist is employed, the pretty package designed and they have their "New Package." Class of market, consumer preference, display competition, and many other factors are ignored. Method of packaging and package construction are two important factors to be considered before surface decoration.

The package should be studied and recommendations for its improvement made with the same thoroughness of research employed in adopting a new product to the line. Good package design regards beauty, utility and profit as elements joined in an essential unity. The amount and style of artistic decoration is often predetermined by, and should be the natural sequence of, the research and creative efforts preceding and determining the package design.

Because Mr. Willoughby's article "Are Your Products Dressed Right?" in your November number contains the least amount of ballyhoo and the greatest amount

of intelligent guidance on a subject which seems so misunderstood at present, I liked it.

EDWIN H. SCHEELLE, *President*
Package Design Corporation
New York, N. Y.

Live and let live

TO THE EDITOR:

The fact that the Government enters into competition with its own citizens during these strenuous times cannot be considered as a remedial or constructive factor.

I am referring, particularly, to the Government Printing Office.

The unemployment situation is just as keen in the printing and publishing business as in any other line of endeavor, yet, Uncle Sam engages in the printing business thereby depriving one of the country's businesses of the opportunity of making their living in the legitimate pursuit of their trade.

If we are to have a healthy America, we must awaken to the serious and vital meaning of that old adage—"live and let live." "Shoemaker, stick to your last" is laden with economic philosophy.

FRANK VAN DYCK
Printer
New Haven, Conn.

Force sales

TO THE EDITOR:

With reference to popular fallacies of business, we thoroughly agree with your attitude, and statements you have made. If they were followed by the industries now operating and those that are closed down "Waiting for General Business to Pick-Up," prosperity would be with us in a week.

We are doing a business amounting to around \$25,000 per month, and our observation is that people and firms are not making any effort to sell their goods. We are forcing our sales. When we find someone who has money, we sell him lumber regardless. Instead of slowing down we have increased production and increased our sales force.

W. H. DOWLING, *President*
Dowling & Camp, Inc.
Slater, Fla.

Purposeful hoarding

TO THE EDITOR:

The recent unfortunate psychology of bank depositors disposed to make withdrawals from sound banks purely for the purpose of hoarding, might possibly be turned into a constructive force. To my mind it would be far more rational for individuals to store up and hoard for future use flour, sugar, coffee, fuel, copper, lead, zinc, cotton, rubber, and the other commodities of life instead of currency.

Certainly when conditions become more normal, a given amount of currency in all probability will purchase smaller amounts of commodities than at present.

EVERETT DOMINICK
New York, N. Y.

Thanksgiving

TO THE EDITOR:

Four hundred thousand American families bowed their heads in prayer over 400,000 Argentine turkeys for Thanksgiving Dinner. The cake was made with eggs from China, butter and milk from Holland, sugar from Cuba and vanilla extract from Mexico. The table was spread with linen from Ireland, and china and cutlery from England.

In the past we, the people, have been fortunate enough to be able to squander our heritage, without paying the penalty, of purchasing many of our requirements abroad, but conditions have changed and we must change with them. Home industries must be protected or this once glorious country will be brought to ruin.

DENIS P. J. BURGUIERES
Louisiana, La.

Business coordination

TO THE EDITOR:

I am one who lays much of the blame on recurring depressions at the door of business. Life is bound up in trade and commerce. Business has accepted depressions as necessary house cleaning periods. In my opinion, this is an excuse for inefficient traditional and haphazard guess methods of doing business.

Business has failed in its major purpose when it fails to provide security for mankind.

I am opposed to government interference in business, but see much good from constructive coordination of Government and business activities. When any power is yielded, such as is true with industry, and this power is yielded with no appreciable coordinated supervision and direction, it is a power fraught with much danger. Industry controls the livelihood of mankind. Is there any sound reason why it should not be constructively supervised?

It is my opinion that a new and revolutionary view must be had of the relations of Government and business. The first step toward what I believe will eventually result in a much changed aspect as to the responsibilities of business and Government was Mr. Swope's recent proposals outlined to the Association of Electrical Manufacturers. We may not agree on all the details, but the underlying thought which was the coordination of the functions of business and Government through trade associations is, in my opinion, the first audible voicing of future developments which

Is the corset at \$10⁰⁰ as good as it was at \$19⁵⁰?

Reduced from 3 columns

SALE OF Corsets and All-in-Ones

10.00

Formerly up to 19.50

12.50

Formerly up to 31.50

25.00

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Corsets that make your figure won't break your pocketbook...and this sale offers you an opportunity to find out for yourself all the figure-genius

Consumers ask themselves just such questions about every piece of standard merchandise—be it shoes, clothes, refrigerators—when offered at reduced prices. How can they tell? They can't, unless they see the merchandise itself or a convincing picture of it. That's where rotogravure comes in. The quality of rotogravure presentation implies quality in the product shown. Rotogravure is believable—is convincing—because it reproduces photographs

with fidelity. Rotogravure is the medium in which you can advertise price reductions and maintain consumer confidence in the quality of your products. Use rotogravure.

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Today's prices for corsets offer opportunities to find out for yourself all the figure-molding genius that lies in our models.

Values formerly as high as \$19.50

Now \$10⁰⁰

Formerly up to \$31.50

Now \$12⁵⁰

Formerly up to \$65.00

Now \$25⁰⁰

Such prices are irresistible



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Your package, the way in which you send your product to your customers, has become vastly important today. But not more so than the way in which you send your advertising message to your prospects. That's why rotogravure has achieved a high significance. It gives your advertising a quality presentation—in publications, in catalogs, in direct mail pieces, in package enclosures. And for each particular use Kimberly-Clark makes a paper especially fitted to insure perfect satisfaction. Kimberly-Clark papers for rotogravure printing, for black and white and for fine color work as well, have set the standards for years. Your questions on rotogravure for any purpose will be welcomed by Rotogravure Development Department, Kimberly-Clark Corporation, 8 South Michigan Avenue, Chicago, Illinois.



Kimberly-Clark Corporation

Manufacturers of Rotoplate, Hyloplate, Primoplate,
Servoplate—Perfect Papers for Rotogravure Printing

will result in breaking up time-worn methods which have failed.

The trouble with business is that it is haphazard. A man goes into business with little regard as to the necessity for his additional service. Factories expand and produce in greater quantities with little regard for facilities and service already available to meet the demands. These haphazard methods, in my opinion, are largely responsible for depressions.

I believe much could be accomplished through some industrial associational group representing industry and Government, to make a broad study of the question of providing greater security to mankind, and that a permanent industrial congress should be formed representing the Department of Commerce of the United States, the American Federation of Labor, the Chamber of Commerce of the United States, National Bankers Association, National Bar Association, and National Trade Associations.

HENRY REIMERS, *Executive Secretary*
National Furniture Warehousemen's
Association
Chicago, Ill.

Business vs. government

TO THE EDITOR:

Although you have discussed the attitude of Government toward business, it seems to me that all of us have failed in some manner in setting up the case of business versus Government. We have all been entirely too complaisant. The business leaders have not led adequately. They seem largely to have lost their bearings in the new environment of creditor nation, thus opening the way for the politicians to offer a new vote-getting nostrum each time an old one fails. To conform to the new environment, business needs as near a free hand as is possible.

Standing in the way are such fallacies as the Farm Board, the antitrust laws, over-regulation of the railroads, excessive tariffs, and the like. Most important of all, there is a rather general belief that government bureaus, with ample federal funds, can set aside natural law, safeguard the people against the penalty of their economic mistakes, and guarantee everybody a profit no matter what the state of trade.

Nowhere in our government set-up is there any provision for consistent, continuous and comprehensive thought and action for the larger good of all the people. Government responds to the group that makes the most noise.

Under a creditor nation status, economic efficiency is absolutely essential to success.

To that end fully 75 per cent of the Government's present-day bureaus need to be eliminated. The bulk of the Government's tax revenues should be spent in constructive endeavor to develop new economic margins for business. Business needs to be freed from every artificial handicap.

Militant, far-visioned and unselfish leadership is now our most pressing need.

WALTER PARKER
New Orleans, La.

Barter

TO THE EDITOR:

I have given considerable thought to the Federal Farm Board's idea of exchanging



"Insist on these STANDARDS for BUSINESS AIR TRAVEL"

The experienced air traveller has learned to *discriminate* in his use of air transportation. He looks for organized, carefully managed air lines . . . and demands certain established standards of air travel.

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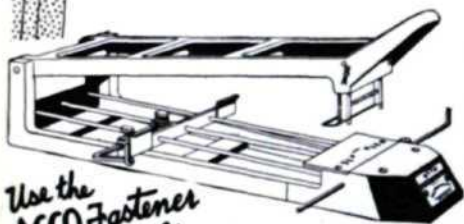
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commodities. Their outstanding deal of this sort was the exchange of surplus wheat for Brazil's surplus of coffee. This idea could also be carried out within the bounds of the United States where tariff and international complications would not arise.

There is considerable distress among the coal miners. The coming winter will see more distress and it seems only logical that the surplus of wheat held by the Farm Board could be traded by some means into the mining industry supplying wheat to the miners and distributing coal to the farmers. This idea of exchange might also be worked into other industries such as lumber, oil, cotton, etc.

FRED K. KIRTLAND
Nashville, Tenn.

Our wives can help

TO THE EDITOR:

If anything goes wrong with any business the responsible man will analyse the facts. Once he finds the source of his troubles he will correct them as quickly as possible. What is wrong now?

We know there is plenty of money. We know the American housewife is not spending. What is the answer?

We admit that the period of prosperity was created by inflation. Fine, let's start an artificial inflation now. Let's talk things over with our wives.

If they understand that by economizing they make it harder for their husbands to hold their jobs; if they understand that every dollar spent will find its way into some pay envelope, that a portion of every dollar spent will come back into the pay envelope of their own husbands, they will spend. And you don't have to tell the American housewives to spend wisely.

Then your job and mine and every other man's is to tell them to buy. One article in your magazine will start hundreds of organizations.

Let every radio station give a few minutes a day, let all your chambers of commerce supply minutemen, let magazines and the press devote space to the cause. Tell the housewife in simple language what it means to her, to her husband, to her children, to her country, and she will respond.

JOHN P. BAMBACH
Engineer
Chicago, Ill.

Prosperity and work

TO THE EDITOR:

We have heard a great deal out here regarding the Prosperity Loan, urged editorially by some newspapers, but we cannot see why five billion dollars spent now, would be anything more than a relief, surely not a cure and when five billions were used up some one else would feel the need for a ten billion dollar Salvation Loan to prolong the agony—five billion dollars spent over the next three years by our Government would create perhaps greater unemployment for the following five years.

How can editorials urging the Prosperity Loan do any good in times like these? Let us get editorials about private business eager to go ahead but hampered by governmental red tape and investigation committees.

When we all really understand the true meaning of capital and labor in our complex business era with laws, regulations,

taxations and what not hindering the men with vision—

When I, as an employee, realize that I must work for a living—

When we learn to discern between real necessity, wants and sufferings on one side and political sob sister stuff regarding hard times, heartless capital and rotten management on the other side—

Then the depression is over.

WILLIAM C. LERCHE
Emeryville, California

Tax publicity

TO THE EDITOR:

I suggest that a practical and effective method of showing individuals what taxation costs them personally would be to have public utility companies note, on their bills to customers, the approximate percentage of the amounts, which represents taxes.

If railroad freight bills, transportation tickets, telephone bills, and electric service bills all showed such information, is it not logical to suppose that the public would soon become interested in tax spending methods?

ROY M. BAKER
Chisholm, Minn.

What You Get When You Buy

You don't buy a paper—you buy news.

You don't buy glasses—you buy vision.

You don't buy circus tickets—you buy thrills.

You don't buy an awning—you buy shade.

You don't buy life insurance—you buy education for the children, cancellation of the mortgage and an income for the wife.

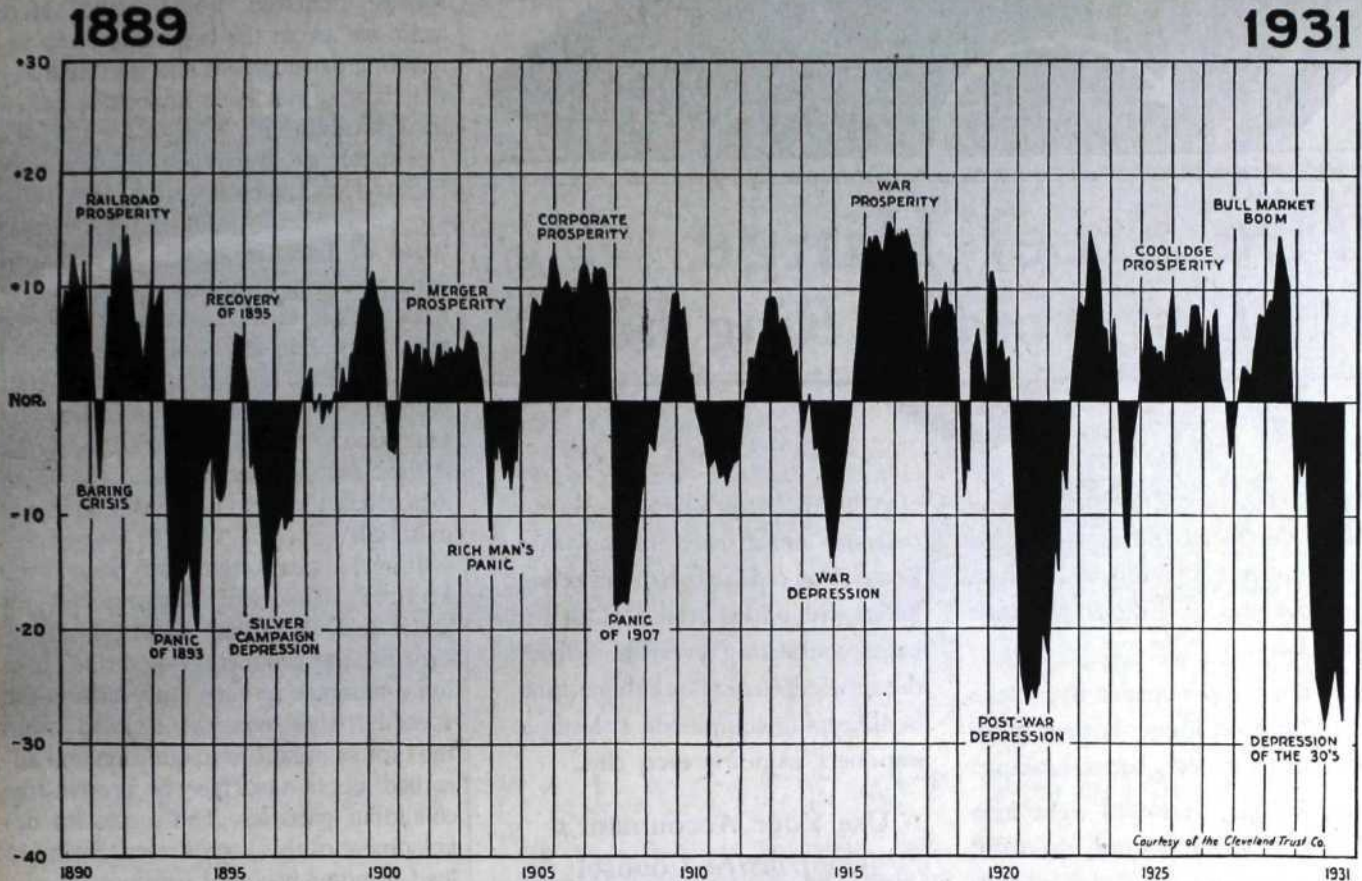
You don't buy a membership in the chamber of commerce—you buy co-operation of the most able business men of the town.

Big business men, men of national and international influence, are strong believers in the importance of the functions of a chamber of commerce and the invaluable service which it renders to business and the community as a whole. We hear these men of prominence continually testifying by deed and word to the value of organized community cooperation.

Your membership in the chamber of commerce buys vital, active cooperative force which is making a better city in which to live and do business. It buys the cooperative efforts of your fellow citizens to do the things for your interest which you cannot do alone.

(Written by Ernest C. Gould for "Greater Watertown," publication of the Watertown, N. Y., Chamber of Commerce, of which he is secretary)

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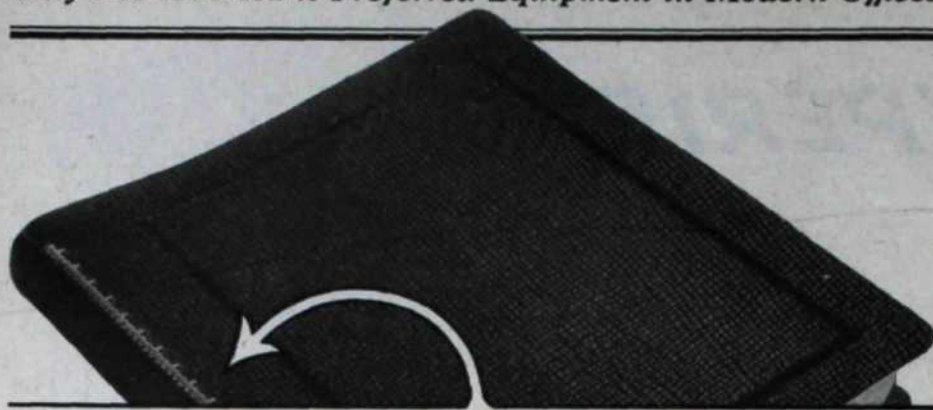
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Write for FREE Booklet, "The Modern Business Office," illustrating the many uses of this and other National equipment

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Science, Task Master of Business

(Continued from page 34)

sugar. This cellulose has yielded a single filament identical with the cellulose acetate prepared from cotton. Here again we are at the beginning of an interesting development and who shall say that it may not have important industrial possibilities?

The sugars are intensely interesting. It has recently been shown that polysaccharide sugars isolated from certain types of bacteria could be combined with a variety of protein and that substances thus formed served as antigens with respect to the specific bacteria in question. This has led to the belief that perhaps the proteins in antitoxins are unnecessary and that the use of the specific polysaccharide would enable an increase in the yield of a purer antitoxin material.

It now appears from work done at the Mulford Biological Laboratories of Sharp & Dohme that all that is necessary for the production of certain bacterial antigens in very pure form is the specific polysaccharide, isolated from the type of organism in question and adsorbed upon a surface of protein-free colloidal particles. The successful development of this line of research should lead to purer bacterial vaccines.

There is something attractive in the production of materials which can scarcely be called cloths or even textiles, though they offer service as garments. A new product called "Cavaltex" comes from the Fabrikoid Division of the du Pont Company and offers new competition to leather. It is a soft, pliable rubberized material of considerable substance, not greatly affected by moisture or temperature and free from odor, even when moist. It looks and feels much like leather.

X-rays and infra-red

LIGHT continues to hold its place on the front page. At Cornell University, X-rays acting on a seed have changed the resulting plant from an annual to a perennial.

Now go to the other end of the spectrum and consider infra-red. This is invisible light. It has been used with the photoelectric cell and burglar alarms. Infra-red is too new for us to know just how it can be used to best advantage, but the other day at Kodak

"You gotta Die to win . . .
that's the trouble with LIFE INSURANCE!"



★ POPULAR FALLACIES OF BUSINESS ★

THERE'S a fallacy for you! Life insurance is not for the man who dies. It's for the living, himself included. Out of the earnings of his best years, it helps him meet emergencies, such as sickness and old age, as well as providing for dependents after he has gone.

For example, an old gentleman died in New York not long ago, who had \$7,000 on which he drew 4 per cent interest, or \$23.33 a month. He had not been ill—there was no obvious clue as to the cause of his death. It was slow starvation. He wasn't a miser, but he didn't want to draw on his principal for living expenses. He was apparently afraid he might live *too long*.

Within three blocks of the old gentleman's room is a life insurance company. That company would have taken his \$7,000 and paid him an annuity of \$60.00 a month so long as he had lived.

Not an unusual example—60 per cent of all the payments life insurance companies make go to *living* policyholders.

Nation's Business interprets constantly the developments and trends in the insurance field because insurance is one of the greatest business tools. It assures stability to a business by removing the hazards of death and the consequent disruption of business managements. It is the most important single agency for supplying capital to business; 22 per cent of the funds used by railroads, 6 per cent of those used by public utilities, 14 per cent of the money for public bonds, 40 per cent of the money for farm and city mortgages is furnished by insurance companies.

You should know the economic forces that affect insurance—the penalties which governmental action, such as unwise taxation, are placing on in-

surance. For these, in turn, come down on you.

If you are not already a *Nation's Business* subscriber, we will send the magazine to you regularly for three years for \$7.50. Or for one year for \$3.

★
MAKE YOUR NOMINATION NOW FOR THE
"GALLERY OF POPULAR FALLACIES"

As an editorial feature of *Nation's Business* we publish monthly a "Gallery of Popular Business Fallacies." The subject of this advertisement is typical of the fallacies discussed. We invite you to send us fallacies of interest and concern to you—fallacies about general business, fallacies about individual businesses or business men. Read this feature in the current *Nation's Business*—then write me personally, won't you?

MERLE THORPE, Editor.

Nation's Business has four times the circulation of any other business publication. Its advertising rate per page per thousand is approximately half that of the next lowest business publication.



NATION'S BUSINESS

300,000 CIRCULATION • ON NEWS-STANDS 25 CENTS

PUBLISHED MONTHLY AT WASHINGTON

BY THE UNITED STATES CHAMBER OF COMMERCE

Park satisfactory photographs were made in pitch darkness with the aid of infra-red light. This involved not alone an increase in the knowledge of such wave lengths, but a great advance in the photographic art. Here the use of special synthetic organic dyes has made possible a great increase in the sensitivity of photographic emulsions, with the result that such negatives can be made with one-second exposure.

Of considerable interest and gratification to the scientist, though of remote interest at present to the industrialist, is the progress on rare elements and the discovery of some of the missing ones. When Mendeleeff published his remarkable table in 1870 setting down both the known and unknown elements arranged in the order of their atomic weights, there were 20 gaps yet to be

filled. Imperfect as it was, the table nevertheless indicated in what groups new elements were to be sought and from these groups the properties of undiscovered elements were predicted. This seemingly arbitrary arrangement of Mendeleeff has come to be full of meaning as others have added special information by way of atomic numbers and other accumulated data and theories. One by one the missing elements have been found. Element No. 87 has been put in place and only recently the discovery of element No. 85, the last of the unknowns, has been announced.

Many of the things missing in the industrial scheme of things, so far as materials are concerned, are yet to be found. Here again patient money and skill in research may be counted upon to fill in the vacant spaces.

Tragic Eras of American Business

(Continued from page 20)

FREEDOM FOR LABOR, DEATH FOR MONOPOLIES.

DOES SPECULATION OR LABOR PRODUCE WEALTH?

WE DEMAND SUSPENSION OF RENT FOR THREE MONTHS.

WHEN WORKMEN BEGIN TO THINK, MONOPOLY BEGINS TO TREMBLE.

A half million laborers were thrown out of work in 1873-4 when receivers took over 89 railroads. Huge railroad projects already begun were largely suspended. It is estimated that three million men were out of work, beginning in 1873. The total population was then 40 million. Of approximately 700 iron and steel plants nearly half were shut down—some never to reopen. In the closing weeks of 1873, commercial failures totaled 5,000. Nearly 1,000 more houses went to the wall in 1874; nearly 8,000 failed in 1875; more than 9,000 collapsed in the next year and, in 1878, the peak was reached with 10,478 business failures. Bank depositors everywhere feared for the safety of their funds.

Many large houses did no banking at all, carrying on all their transactions with cash out of their private tills. Long lines of anxious depositors could be seen in almost any large city as "runs" on even the well-managed banks were frequent.

The citizen in business in the 'seventies was not reminded by his daily paper of the progress of the depression. He got it spasmodically. He read of wrecks, bank failures, strikes, sabotage, murders, crop failures, riots, starvation, river and ocean steamboat disasters, repudiations and defalcations. Summed

up, however, they were all classed simply as evidences of hard times. He read no theoretical abstract discussions of the situation by economists. Bankers, railroad men and steel magnates had not yet learned to make optimistic predictions. If he was reminded frequently that "business was dull" he had only the fatalistic but practical philosophy of his fellow business men—that times would be better by and by and that all he could do would be to ride through it and hope for the best.

Advertising as we know it did not exist. He was not urged to "buy now." If he were a Democrat he blamed his troubles on the financial orgies of Grant and his henchmen. If a Republican he blamed it on the Democrats. For relief he looked to leadership at Washington. In his mind economics and politics were not separate. If hard times existed the government was to blame. The panaceas put forward at the time called for inflation.

Many of the forces which work to lessen the effects of our present slump were unthought of in the 'seventies. Industry then had anything but an enlightened viewpoint. It is no mere guess to say that today business is better, more humane, more rational. Good times arrived without benefit of constructive planning and concerted effort.

And it may be cheering to recall that recovery, when it came, was sudden. August, 1879, was one of the worst months in years. By December business was better than it had ever been before.

(The second article in this series will appear in an early issue.)



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WHEN you sign our register, we'd like to have you feel as if you were writing your names in a Guest Book in a friend's home. You tell us, so to speak, that you've come to stay a while with us; that it will be our pleasant, privileged duty to play host to you. We'll escort you to your room to let you "freshen up." A little later in the day, if you like, we'll show you around our little estate, and you'll forgive—won't you?—a host's natural pride in his belongings. And when we ask you to tell us if there's *anything* we can do to make your visit happier, please remember that we mean it. Because, when you finally take your leave of us, we hope you'll want to accept our invitation to "come again."

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The ROOSEVELT

Madison Avenue at 45th St., New York
Edward Clinton Fogg—Managing Director



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**AND ONCE THEY
SOLD IT TO US
OUT OF A TUB”**

Are you aware of the tremendous advance that has been taking place—in the containers of almost every product in daily use? Lards and shortenings now in hermetically sealed, key-opening, lid-replacing cans. Coffee now vacuum packed. Salt in free-pouring, damp-proof containers. These are but a few.

Progress in packing, distribution, merchandising; in satisfaction to consumer and credit to maker has rested on progress in container making. There we have fitted—there we have contributed not once but ten thousand times. Sometimes it's for a small customer—sometimes for a big one. But the point is not the size of the customer—it is the progress.

Our fifty manufacturing units—our laboratories—our engineers—our new ideas—our rich experience—our constant effort for progress—are at the service of our customers. Old and new—large and small—we can only grow as they grow.

We try to make it valuable for our customers to do business with us.

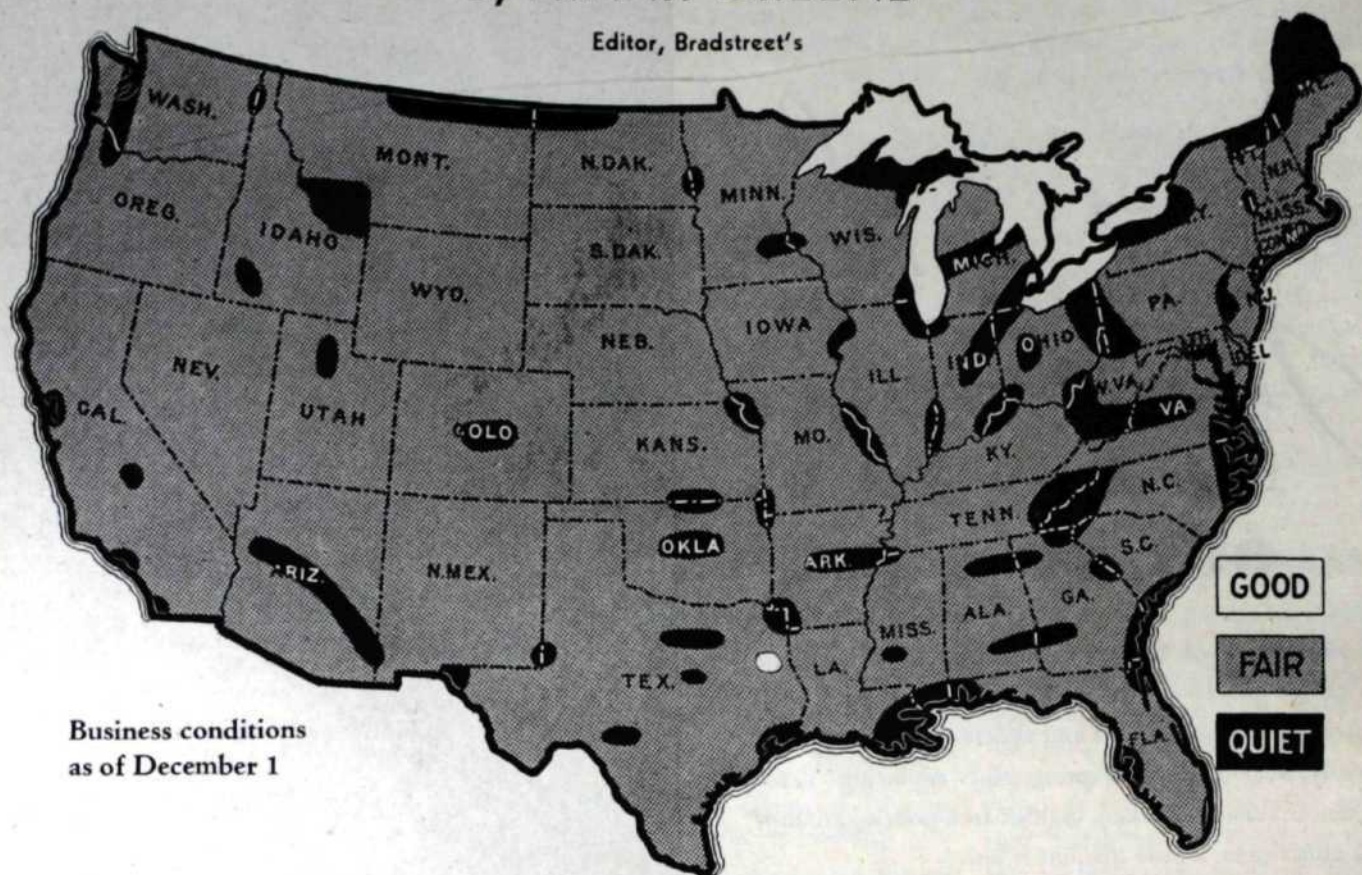
**AMERICAN
CAN COMPANY**



The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



Business conditions
as of December 1

NOVEMBER saw its full share of disappointing business developments, but it also witnessed the advent of factors of favorable import. Bank liquidation lessened and retail trade increased

NOVEMBER was a disappointing month in business, but if the awkward situations that were met and surmounted in that month are considered, it might properly be said that things commercial and financial stood up very well under the circumstances.

On the favorable side of the account at least four cheering things appear.

1. The "flight from the dollar" movement by other peoples was arrested and stopped.
2. The tremendous liquidation of American banks was apparently lessened by wise management of the banking authorities.
3. Correspondingly heavy liquidation of American securities on the exchanges was held pretty closely at or above the low levels of early October.
4. The speculation beyond a solid statistical basis in grains, especially wheat, was held fairly steadily within control and with perhaps half of the extreme advance finally retained.

On the unfavorable side of the scale were:

1. Disappointing trade for fall and winter account until late in the month.
2. The effort of the railroads to get living rates was not rewarded. Dividends were cut or passed. Some roads failed to



The map of
last month



The map of
a year ago

Commodity prices in November hit their lowest point since September 1908, the year when the great price advance began

Riddles of 1932



THE NEW YEAR will bring a transition period with many new and perplexing riddles—and many old ones. Whatever the answers, they will affect the man in business, wherever he is, whatever his business may be.

Unemployment?

Short selling?

War debts and reparations?

Old-age pensions?

Government finances?

Agriculture?

Industrial stabilization?

Economic councils?

Federal Reserve modifications?

New forms of merchandising?

Taxation?

Aid to war veterans?

Railroads?

Germany, Russia, Manchuria?

Government regulation?

The antitrust law?

Dole systems?

The banking situation?

Wages?

And so on and so on. . .

THE MAN who is moving ahead in business must keep his eye on the way 1932 answers these riddles. He must be prepared far enough in advance to meet the changes they bring. He must know the trends, must have the facts—interpretation of the facts—a sound business background.

Nation's Business will keep the business executive informed in 1932. You will find this magazine of genuine assistance to you during the new year.

If you are already a subscriber, you may want to hand this coupon to a business associate or to a business friend of yours



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outlast the long negotiations forced upon them by public officials and others were driven to announce definite wage cuts—in most cases of ten per cent.

November was unseasonably warm in most areas until it had advanced to its close. The delay in cold weather after a long, warm, fine fall with too little rain for best crop and soil conditions took toll of sales of clothing, coal and other things dependent upon seasonable weather.

The good effects of later cooler weather and of the pushing forward of sales of seasonable and holiday goods has been welcome even if late but, aside from a slight increase in retail trade, the business done for November has not been equal in value at least to similar periods of the past three years.

Retail trade is good

RETAIL trade, aided by advertising and pushing of holiday goods was apparently better than in November for three years past. The dollar may go farther than it did but the seeker for the dollar has to go farther to get it.

Cotton consumption and woolen manufacturing showed gains over a year ago for October while silk and shoe production showed slight declines. Cotton, wool and silk manufacture and shoe production show gains over 1930 for the ten months. Among the other industries reporting regularly, output of electricity, kilowatt hours, shows the smallest decrease with cigarette output a close second. Pig iron and steel ingot outputs showed the greatest decrease with automobiles and building next. The declines for the ten months were, respectively, 41.9, 37.3, 28.2 and 27.3 per cent.

Cement output, car loadings and bituminous coal production came next with decreases of 21.9, 18.9 and 17.2 per cent respectively. Reflecting the decreases in automobile output, building expenditure and car loadings statistics, the October returns in these three lines point to the smallest turnover in at least a decade or since the slump following the 1920 deflation.

In financial records it is worth noting that the country's November bank clearings totals fell off 33.4 per cent from a year ago, reaching the lowest levels since 1923. Of course, the heavy bank mortality in October may have reduced these returns.

Sales on the New York Stock Exchange dropped 28 per cent in November and it is noted that the price level of the shares dealt in is 75 per cent off from the high point of 1929. Bond sales, however, gained 24 per cent over

November, 1930, and for the year to date are nine per cent larger. Stock sales are 30 per cent smaller.

Banking mortality set up a new record in October and the estimated probable total for the year seems likely to reach nine per cent of all the country's financial institutions. However, only about three per cent of the banking deposits are involved. Last year 5.5 per cent of the country's banks suspended. In 1893 the percentage was 6.6 per cent. With the approximate drying up of this stream of liquidation in November, October seems likely to hold the unfavorable record for both number and liabilities of failures for some time. About 85 per cent of the October business failure liabilities was contributed by bank suspensions.

It is worth noting that commodity prices made another new low in November, reaching the lowest point since September 1908, the year which marked about the beginning of the celebrated price advance.

Disappointment engendered by wheat's failure to continue to advance in November should be reduced a little when it is noted that, notwithstanding the backward trends visible at various times since November 9, the price of wheat futures is still ten cents above the low of early October and September (wheat prices had a sort of double bottom as it were in those months). Cash wheat is higher than the lowest level by from 12 to 20 cents, with spring wheat which suffered from drouth damage in the Northwest and in Canada showing the heaviest gain. In fact, wheat repeated an old market trick when its advance of about 23 cents or 50 per cent was reduced later to half that amount where it has hovered pretty steadily since.

Smaller wheat acreage

IT MUST be remembered that this wheat advance, although it no doubt had a speculative origin, also had a fairly sound statistical base. In other words, the unreasonably low prices of early September and October resulted in smaller acreages in some countries. That this corrective influence is still at work seems evident in the reports of 15 to 20 per cent decrease in winter wheat seeding in this country this fall.

Here, however, it should be noted that nature has taken a hand in the winter wheat situation as it did with spring wheat. Early December estimates by grain experts indicated that a large amount of winter wheat was not getting enough moisture to bring it up out of the ground. Some estimates place the



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When writing please mention Nation's Business

cut in possible yield (this is all preliminary it is true) at nearly 40 per cent from the 775,000,000 bushels gathered this year when a yield of 19 bushels an acre was obtained on the crop as a whole.

When it is considered that Argentina and Australia cut their planting this year by perhaps 20 per cent, that our winter wheat seeding may show a similar decrease, that lack of rain may cut the acreage and growth still further, that the world's wheat and rye crops for 1931 were six per cent below the peak of 1930, that the Oriental rice crop seems to be having a bad time and that low prices in 1931 caused a heavy use of wheat in this country for animal feeding, it will be seen that it is unnecessary to depend entirely upon government boards for methods of reducing burdensome yields. In fact the present outlook seems to indicate a good percentage of reduction in the world's supplies of wheat, entirely independent of price fixing efforts which have left this country holding a large part of the world's undigested wheat supply while Argentina, Australia and Canada seem to be "cleaning up" their stocks and, thus unhampered, are prepared to take a profitable part in future wheat raising and marketing.

It is also worth noting that October wheat exports—presumably because of Chinese or Brazilian purchasing—showed a gain, a rather rare thing in the past two years. For ten months of this year, however, exports of wheat in bushels, including flour reckoned in terms of wheat, are 25 per cent less than in the like period of 1930 and the value of these exports is 52 per cent smaller.

Financial situation improved

THE Federal Reserve Bank of New York gives testimony to the intense strain which occurred in the banking situation in October and the improvement which followed in November. The reversal of the gold flow in November from that in October added \$129,000,000 to the American gold stock and, in three weeks of November, loans and investments of member banks declined only \$219,000,000 compared with a decline of \$886,000,000 in October. The drop in deposits in November was \$359,000,000 as against a drop of \$1,400,000,000 in October.

"Since 1929," the bank says, "a shrinkage has occurred in bank credit of \$5,500,000,000 with a drop in deposits of \$7,000,000,000, by far the largest liquidation of bank credit and of bank deposits which has ever occurred in this

country. As a result of the November gain in gold the net decline in this country's gold stock for the year is only \$174,000,000."

The bank's statement of industrial companies' profits shows only one group, textiles and clothing, reporting larger profits in the third quarter of 1931 than in 1930.

The more favorable comparisons of net earnings were by food, chemical, paper and tobacco companies. Steel, copper, machinery and the coal and coke groups showed deficits for the third quarter. Petroleum returns were slightly better.

Larger volume, smaller value

CHAIN and mail-order sales for November, which had five Sundays and two holidays or 23 net business days decreased 9.7 per cent from a year ago as against a decrease of 8.5 per cent in October which had four Sundays and one holiday or 26 days net. Three mail-order houses report a decrease of only 17.6 per cent against 23.4 per cent in a similar period in October. This latter would seem to argue a rather better condition among farmers in the month just closed.

Reports for the year to date indicate decreases of 3.4 per cent in chain and 13.7 per cent in mail-order sales from 1930 which argues anew the idea that, even with all the stress apparent, the volume of business done has been larger than a year ago even if the value is smaller.

Department-store sales for November decreased 15 per cent from a year ago. The October decrease was also 15 per cent. For the year to date the decrease from 1930 is 11 per cent.

The month was a period of strain in the copper industry, the failure to agree on a curtailment plan at the meetings held at New York resulting in a sharp drop to 6.25 cents for that metal, an unprecedentedly low quotation. As a result there was talk of the need of a tariff on imports—the United States was an exporter on balance up to 1929—but late in November an agreement was reached and the price rose to 6.75 cents, itself a quotation unknown until a few months ago.

The long spell of fine weather with late frosts and absence of rains added to the farmers' rewards quantitatively speaking, but hardly to their financial gains because prices of cotton and tobacco, the crops benefited, have been greatly depressed. The depression in cotton, that is the extreme low price, occurred before the Agricultural Depart-

ment added 600,000 bales to its estimate making the total crop as of November 1 some 16,903,000 bales as against the record crop of 1926 which was 17,977,000 bales.

Despite the effects of this large estimate and trade estimates exceeding 17,100,000 bales, the price of cotton has held stubbornly a half cent above the 5.5 cent low price of October 5. This price steadiness was aided by the reported agreement of the Farm Board cotton subsidiary and the banks to hold 6,000,000 or 7,000,000 bales off the market until the price reaches 12.5 cents. Helping in this agreement is a reported arrangement between the governors of the leading cotton states to follow the so-called Texas plan and cut acreage 50 per cent in 1932. The ginnings from this year's crop to November 14 exceeded those of 1926 by 1,000,000 bales.

Tobacco yield is heavy

FAVORABLE weather also helped tobacco to promise a record yield. The total crop indicated, 1,648,000,000 pounds, compares with 1,641,000,000 pounds in 1930 and is to that extent the largest ever gathered. Much of this

year's gain in yield is in Kentucky, mainly in burley grades, and the low prices offered in some western Kentucky areas caused much dissatisfaction.

October export trade showed an increase of \$25,000,000 or 14 per cent over September which is partly credited to shipments from this country to anticipate the imposition of the new British tariff or the anti-dumping regulations contemplated by the new national government. Shipments to Germany also increased but these increases were partly balanced by reduced takings by Russia and Canada. This matter of our future export trade is naturally more or less tied up with the new British and other European moves for "bigger" if not "better" tariffs.

In the matter of wheat exports it seems pretty certain that Great Britain will enact preferential tariffs or other regulations for the benefit of countries within the empire. These may seriously derange our export trade in wheat. For instance, there is a report that Britain may grant Canada a 70 per cent quota of wheat imports which if correct with preferences granted to Australia and to home growers would seem likely to narrow our exports in that line greatly.

Where Banks Go to Customers

A NEW departure in banking has resulted from the difficulties which confronted the men working on a huge hydroelectric construction program in the Sierra Nevadas.

The Southern California Edison Co., engaged in the building of large dams and power houses, employed several thousand men. It was necessary that they be housed in camps scattered throughout the territory in which they were working.

Since the nearest of these camps was 75 miles from the nearest bank, it was impossible for the Company to pay all these workmen with cash, therefore, they paid with checks. To the men, checks presented many difficulties. Many of the employees had families at home to whom they must send a portion of their earnings; while, on the other hand, they needed some cash for their own immediate needs.

Seeing this vast source of new accounts, The United Bank & Trust Co., The Bank of Italy, and The Pacific South-West Bank & Trust Co., all of Fresno, Calif., obtained permission from The Southern California Edison Com-

pany to allow one man from each of the banks to enter the camps on pay day.

Bankers in the field

MAKING the trip in the company of the paymaster, these traveling bankers each carried money and printed forms in a small bag. The workmen were thus given a choice of three banks.

They could open either a checking or savings account, deposit a portion of their wages and receive the balance in cash. Although the bankers were unable to carry blank bank drafts with them, orders were taken, receipts given, and the draft was mailed to the purchaser upon the banker's return to the bank.

There were even a few safety deposit boxes rented, and sealed packages placed therein for the renter.

On their first trip the bankers opened an almost unbelievable number of new accounts. Though a few accounts remained open only a short time, the greater number of them were good accounts that climbed steadily upward for the several years the work was in progress. —EMMETT C. BOGER



Dear Jim:

Say, boy, I'm doing the thing I've wanted to do ever since I smoked my first corn silks . . . hitting the old sea trail that Morgan, and Kidd, and the rest of that jolly bunch followed when they were laying for Spanish gold. And I've a hunch it was more than gold that kept 'em down in these waters. No kidding, Jim, there's something down here that gets under your skin. These United Fruit boats are okay, too - big enough to be comfortable and small enough to be chummy. And do these boys know their tropics? Well, they ought to - been making these ports for a quarter century or more. Grand eats and lots of fun. See me and the Mrs. on the top deck looking at the moon? I said it gets you.

Why don't you and Min meet us in Guatemala City? Get hold of your tourist agent, or write the main office for all the dope. Just United Fruit Company, New York'll get 'em.*

Bob

(*It would, but anyhow it's Pier 3, North River, Dept. J, New York, N. Y.)

GREAT WHITE FLEET

Three sailings weekly from New York and New Orleans.

Cruises from New York 18 to 22 days—\$145. and up.—From New Orleans 10 to 16 days—\$100. and up.

N. B. Want to meet Bob and "the Mrs."? Let us book you on the Guatemala Cruise—weekly from New York via Santiago, Cuba. 18 days of thrills—\$145. and up. You'll talk about it a long, long time.

What a Dole Would Cost America



IN NORMAL times this country has two million unemployed. Today a conservative estimate is six million. If figures are accepted, we have twice as many unemployed as England and a million more than Germany, although, it should be added, our percentage of unemployed, in proportion to total population, is less than either's.

Unlike those countries we have no government unemployment insurance. If we did have, say one like England's, our present payments to our unemployed would amount to more than five billion dollars a year. In normal times it would be about a billion and a half.

Those figures are important. They are more than twice as large as the payments which eventually forced England off the gold standard and led Germany to revise her system of payments to the unemployed. They should be weighed before we embark on any such plan.

It is probable that bills calling for some form of government unemployment relief will be introduced during this session of Congress. It is probable that they will be considered seriously.

These bills will not propose doles. No dole was ever proposed anywhere. But experience in both England and Germany shows how easily doles follow efforts at government unemployment relief. Our only hope to escape the dole is to keep unemployment relief out of national politics.

England's experience shows that this is not easy to do. When England began her attempt to insure the unemployed in 1912, each employed person contributed seven pence a week to the unemployment fund. Employers contributed approximately the same amount for every person employed; the Government did likewise. A restricted number of trades, employing about two million workers, were covered. The period of relief was limited to 15 weeks. Moreover, to obtain relief, the claimant had to show that he was genuinely seeking work but unable to obtain it and that he

THIS country does not want a dole, though some citizens and legislators do advocate government unemployment insurance. A similar situation existed in England in 1912. England got unemployment insurance, and, inevitably, a dole. Her lesson has been costly—and ours would be vastly more so

had made 30 contributions to the fund during the preceding two years.

Under these restrictions, the fund accumulated a surplus. But, after the War, politics took a hand. In 1920, the plan was extended to cover all except farm workers and domestic servants. In 1921, a special allowance for dependents was added, and the share borne by the government treasury was increased. In 1924, the limit of 15 weeks relief was removed and, by 1930, other amendments had eliminated the provisions that the claimant must be genuinely seeking work and must have paid 30 contributions to the fund.

As a result, any person who did not have a job, whether or not he wanted one, or could hold it if he had it, or had ever worked or sought work, was made eligible to collect a dole during his idleness.

Fifty per cent of dole is wasted

AND thousands of people proved quite willing to take their place in line. As a result it has been estimated that 30 cents of every dollar—to use American monetary terms—paid into the dole fund goes to those who have no really legitimate right to receive payments.

Nor is this the only waste. Employed men contemplate the ease of life of those who are supported in idleness, and relax their own efforts. There is the loss of ambition among those who, forced to go on the dole temporarily, lose their will to work and remain there.

Returning from England, where he

had viewed the results of the dole, Arthur S. Bent, of Bent Bros., Inc., Los Angeles engineers, described what he had seen:

"Foremen of paving crews in the country told me that their common labor was almost worthless. One superintendent said many of his men were striving to exasperate him into firing them, because they could then go on the dole. I never saw anywhere so much lazy labor.

More than once I saw one man's work employing three or four men."

The cost of the enervating influence of the dole cannot be figured in dollars and cents, of course. It is possible, however, to figure administration costs. They are 20 per cent.

In other words, 20 cents of every dollar England pays for unemployment relief goes to administer that relief. Another 30 cents pays persons who do not deserve relief. This leaves 50 cents out of each relief dollar for the deserving.


Naturally, proponents of a dole in this country contend that we could do a better job with the fund than England has done. But, granting that, the cost would be enormous.

England pays the unemployed about half what they would receive if they were working. Certainly we would want to be no less liberal. If we set \$30 a week as the average wage in this country and agree that six million are now unemployed, we find that today our dole payments would be 90 million dollars every week.

If administration costs of this dole were 15 per cent—five per cent lower than England's—we would pay another \$13,500,000.

England estimates that one clerk is needed for every 150 persons on the dole. If we should have only one clerk for each 200, we would still add 30,000 workers to our present Civil Service army.

In normal times, with two million unemployed, the dole would cost—in payments alone—more than a billion and a half a year.



It's a Great Show

and every
property owner pays for it!

A FIRE always draws a crowd; is always a good show. But the cost runs high—and every property owner everywhere is paying for a choice and expensive seat, whether they see the show or not. For the property owners whose buildings do not burn pay the cost of fires—through their fire insurance premiums.

"Property," said Disraeli, "has its duties as well as its rights." One such duty is the prevention of fire. For many years mutual fire insurance companies have labored to help the hundreds of thousands of property owners who are mutually insured to avoid fires—with skilled fire prevention service—with personal and printed instruction.

Of over 31 billion dollars worth of property that is insured against fire in mutual companies, it is



BENJAMIN FRANKLIN
Founded Mutual Insurance
in 1752

inevitable that a considerable amount burns in a year. Losses however have been held to a minimum through active, intelligent fire prevention work.

Under the mutual plan this reduction of loss benefits all mutual policyholders since dividends are returned annually to them—15% to 50% of the premium—as much as the year's operations warrant.

Mutual dividends constitute an actual and tangible reduction of one considerable item in the property owner's overhead.

Write today for an interesting outline of the history and method of this plan of insurance that has saved money for American property owners since 1752. Address the Federation of Mutual Fire Insurance Companies, 230 North Michigan Avenue, Chicago, Ill.

Keeping Hardware Overhead Down

In every state, leading retail and wholesale hardware establishments are insured against fire in mutual corporations.

Hibbard, Spencer, Bartlett & Co., Chicago, one of America's largest wholesale hardware companies, established in 1855, has been a mutual fire policyholder for many years. No other form of fire insurance is carried on their modern concrete and steel distributing plant.

Mutual companies save the hardware industry hundreds of thousands of dollars annually.



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MUTUAL FIRE INSURANCE

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Nation-wide Representation and Service

When writing to FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES please mention Nation's Business

Business' Views Prove Sound Again

IN 1930 the organizations represented in the membership of the Chamber of Commerce of the United States voted, 2,660 to 158, "that the Muscle Shoals project should be sold or leased, as is, on the best possible terms."

The soundness of their views is shown by the accompanying letter from the Assistant Secretary of War F. H. Payne relating the findings of a commission appointed by President Hoover to bring forward a plan for the economic utilization and operation of the Muscle Shoals properties in the interest of the region most interested—the Tennessee Valley. This commission has reported to the President a proposal for leasing these properties to private operators and the President undoubtedly will present this proposal to Congress for action.

The question of what to do with the power and nitrate plants at Muscle Shoals has been before Congress for more than a decade. Many proposals have been advanced—proposals to sell the property; proposals to lease all or parts of it; proposals to expand the properties so that the Government might launch an extensive experiment in the manufacture and sale of nitrogen for fertilizer and for the manufacture and distribution of hydroelectric power.

The plants were built as a war measure and, at that time, were regarded as essential to national defense. Scientific progress, however, has rendered the process of manufacture of explosives possible at Muscle Shoals obsolete. Moreover, American private enterprise can now supply nitrates in quantities exceeding any war requirement. Therefore, military authorities declare that, for national defense, the Shoals property is not essential.

Obsolete for nitrates

PROGRESS in the manufacture of nitrates for fertilizer has likewise rendered the only process possible at Muscle Shoals obsolete.

In view of these facts the sole issue involved in the Muscle Shoals situation today is the utilization of these plants for manufacturing and distributing

hydroelectric power and the question is, "shall this be done at the expense of the federal taxpayer or shall these properties be put into the hands of private enterprise competent to utilize them in public interest and on a basis of a fair return to the Government?" Competent estimates show that, because of the duplication of transmission facilities which would be necessary if the Government attempted to engage in the power business, every dollar gained by local consumers would cost the taxpayer at large two dollars.

Since the beginning of the controversy the Chamber of Commerce of the United States has opposed the operation of these properties as a government enterprise. At first its position was based upon the declaration of its members that the Government should refrain from entering any activity which pri-

vate enterprise was competent to perform in the public interest.

At the last session of Congress, when the question was again pending, the results of the Chamber's 1930 referendum on the subject were brought to the attention of Congress and member organizations were asked to advise their congressmen of the position they had taken.

Late in the last session, a government operation proposal, advanced in the guise of a compromise, was rushed through but was vetoed. In his veto message President Hoover pointed out the obvious uneconomic features of the bill and declared his purpose to create a tri-partite commission, representative of the Federal Government and the States of Tennessee and Alabama, the chief parties in interest. It is to the report of this commission that Mr. Payne refers in the letter given here.

WAR DEPARTMENT

HON. SILAS H. STRAWN,
President, U. S. Chamber of Commerce,
Washington, D. C.

DEAR MR. STRAWN:

Your Referendum No. 57 on national waterpower policies, in which your organization voted that the Federal Government should always leave the transmission and distribution of power to other agencies, and that the Muscle Shoals project should be sold or leased "as is," on the best possible terms, is in conformance with the unanimous conclusions of the Muscle Shoals Commission—consisting of three appointed by the President of the United States; three appointed by the Governor of Alabama, and three by the State of Tennessee—all of whom are southern men.

This report was submitted to the President on November 19 and, in his statement announcing it to the press, the President said he would transmit it to Congress in due course.

You will note that in the report of the Commission "private operation" is the prime consideration; that the report of Colonel Tyler on power distribution clearly shows the fallacies of the Government's attempting to distribute power from Muscle Shoals as an independent system. You will also note that the Commission states that, if legislative authority is provided for a lease to private industry, such a lease is readily negotiable on a reasonable basis.

Sincerely yours,

F. H. PAYNE

The Assistant Secretary of War



THE WHEELS START ROLLING

PROBABLY the most remarkable thing about the first Ford car as it bumped over the sill of the little brick shed on Bagley Avenue, Detroit, and out into the dawn of a spring day in 1893, was that its maker had no doubt whatever about its success!

It scared horses. It blocked traffic by attracting large crowds. It became necessary to chain it to a post to keep investigators from starting it down the street.

Since those wheels first started rolling twenty million Fords have taken to the highways of all the world, shaping modern industry and civilization . . . hundreds of thousands of tractors have speeded up industry and smoothed

the furrowed ways of the farmer everywhere . . . hundreds of metal planes have scaled above the clouds to the utmost ends of the earth. And no Ford machine is permitted to go forth without the certainty of success attending it!

There is a sound reason for this! When the Ford Motor Company first went into operation to build, deliver and service an automobile for every-day wear and tear, a machine to be admired and depended upon, principles of manufacture were established which made possible the continuous success of this famous car. These principles, briefly stated, in four sentences, are vital in the Ford organization today:

1. No fear of the future and no enslavement to the past.

2. Disregard of competition, because whoever does a thing best will be accepted as the one who ought to do it.

3. Service before profit; though without profit business cannot extend, without adequate service no business can continue to succeed.

4. Manufacturing is the transforming of the best possible materials into the best possible product for the consumer on a basis of fair cost all around.

This is the reason why Ford methods have become a synonym for modern methods and successful manufacture.



Have you smoked a CAMEL lately?

IF YOU want to enjoy cool, smooth mildness in a cigarette — *real* mildness — just try Camels in the Camel Humidor Pack.

It's like giving your throat a vacation—so free are Camels from the slightest trace of bite or burn or sting.

Women, because their throats are more delicate than men's, particularly appreciate this relief from the hot smoke of parched dry-as-dust tobacco, and are switching to Camels everywhere.

The secret of Camel's unique mildness is that the blend of

fine Turkish and mild Domestic tobaccos of which they are made is brought to the smoker in prime factory-fresh condition.

All the fragrance and aroma of these tobaccos—and all the natural moisture which means cool flavorful smoking—is preserved intact for you by the Camel Humidor Pack.

So try Camels and see what it means to smoke fine cigarettes — kept fine — switch to them for just one day, then leave them—if you can.

● Don't remove the moisture-proof wrapping from your package of Camels after you open it. The Camel Humidor Pack is protection against perfume and powder odors, dust and germs. In offices and homes, even in the dry atmosphere of artificial heat, the Camel Humidor Pack delivers fresh Camels and keeps them right until the last one has been smoked



Tune in CAMEL QUARTER HOUR featuring Morton Downey and Tony Wons — Camel Orchestra, direction Jacques Renard—Columbia System — every night except Sunday

CAMELS

Mild... NO CIGARETTE AFTER-TASTE

On the Business Bookshelf

THAT there can be overproduction under our present form of social economy," observes Paul M. Mazur, of the New York banking firm of Lehman Brothers, in his new book, "New Roads to Prosperity," "is quite clear. There is such overproduction. Men have forgotten that the construction of capital goods is the contribution of auxiliary assets and not basic commodities. They have produced steel and rubber and copper to satisfy the demands of heavy industry and, as these industries have outstripped the advancement of men for whose benefits they should exist, the maladjustment has become paralyzing, with the result that men whose purchasing power under our system was dependent upon the continuity of the operation of these heavy industries have had underconsumption imposed upon them."

HE PROCEEDS to make clear that "People thinking in terms of barter could never have so far forgotten that the end of production is consumption as to speak of overproduction at this time when millions are starving and shelterless even in richest America. Something has happened to modern society, some factor has arisen which has made it possible for men to establish such a divorce between production and its object and justification." Thus "Mankind's fall from grace, human greed, or human selfishness may be the reason—but the man who exchanged his horse or a cow for a certain quantity of tobacco, also hoped he was getting the better of the bargain and did his utmost to gain by the transaction."

He will have it that "A barter system is a cumbersome, immobile mechanism for any economic unit that is not absolutely elementary and begins to extend its frontiers even the shortest distance," because the "area of trading is definitely restricted within narrow limits." Some element of flexibility is demanded to facilitate trade, and some form of money must have been invented very early without necessarily destroying barter and barter philosophy.

It must have taken centuries to bring standards of value to gold and silver—materials that could sustain this value everywhere in the spreading of trade

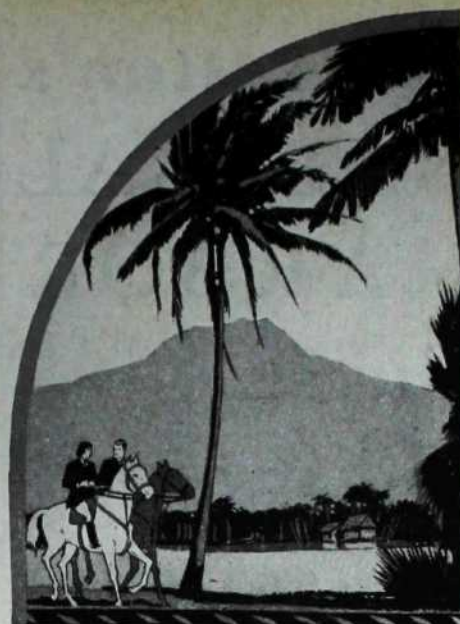
¹New Roads to Prosperity, by Paul M. Mazur. The Viking Press, New York.

and commerce. Out of this grew the commerce of profit. Men discovered "the object of production appeared to producers to be no longer consumption but the acquisition of money with which wealth, power, and social prestige became associated, while the surplus began to be used to create merely more money. The accumulation of capital became possible on a scale not dreamt of hitherto, and since production was carried on with no direct view to the consumption of the product, the basis was laid for the fictitious overproduction that has clogged the wheels of the modern industrial machine."

Mr. Mazur is inclined to describe the present situation as due not so much to overproduction as underconsumption. With this he links the contraction of credit, pointing out that the experience of the average man with credit has been derived from "a deferred payment plan, from the purchase of securities on margin, or from a mortgage" and may find it difficult to recognize that these uses of credit are fairly new, relatively slight, and foreign to its original purposes. To explain: As men produced excesses over their needs and converted these into gold or some other standard of value, three choices were open: hoarding, the purchase of some additional wealth in land or kind, or the lending of money for a consideration to some one who could use it in some undertaking and would repay it in future when his enterprise reached fruition.

HENCE came the money-lenders, first in Italy and Central Europe; thus banks were born, securities created, and bonds and notes came into the scheme of business. This involved the mere selling of money that had become superfluous for other purposes. Then came the new order which concentrated labor into factories and industrialism was born.

So the story of capitalism henceforth became a tale of market-seeking all over the world; the factories produced simply for the sake of producing. The living standards of backward nations were raised somewhat through the far-flung marketing that resulted; those of the industrial nations rose also, due to increased economic activity "but lagged conspicuously behind the possi-



A SUNSWEEP TRIANGLE

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LOS ANGELES and
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May 13

You make the complete voyage on the magnificent "Malolo," sailing from Los Angeles April 29th and returning to San Francisco May 13th...or suit your schedule with other convenient sailings from either of these famous ports.

Here is a triangle rich in business value and enjoyment at every corner, joined by a voyage over the sunniest of ocean lanes. You see at first hand America's great western empire. You attend the National Foreign Trade, and the Pacific Foreign Trade Conventions in Hawaii, cross-roads of trans-Pacific commerce.

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Here is an opportunity for a family holiday! Your family will love Hawaii... the vitalizing touch of her tropic sunshine... invaluable attributes not all within convention walls.

An inventory of values, greatly underpriced, for the special Convention Cruise Fare is as little as \$198 round trip, slightly less on other ships. Special round trip rail fares and hotel rates to delegates and their families. May we provide complete details?

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Galveston's NATURAL HARBOR Gives Shipping Dispatch



A 1,200-foot channel with a 35-foot ruling depth

In the year 1818, buccaneer Jean La Fitte chose Galveston Island as his base. From there his ships could reach the sea in shortest time. An able seaman with business sense, he recognized in swift movement the basis of profit.

Today, too, Galveston's on-the-sea harbor means profit to shippers. Ships reach the open sea in **forty minutes!** Enlarging this natural advantage is an ideal port layout. There are 4 grain elevators, 32 piers, 30 warehouses on $2\frac{1}{4}$ miles of waterfront—all tied together by 51 miles of switch track. The wise placement of rails and structures simplifies transfer and speeds cargoes from car to ship.

Back in 1854, the Galveston Wharf Company was established to co-ordinate all activities. Now partly owned by the City of Galveston, it supervises handling, storage, financing, shipping. One management assures centralized control without red tape. This means efficiency and economy.

EXECUTIVES

The Shippers Digest of Galveston, a semi-monthly publication, quotes sailing dates to foreign and domestic ports. Contains shipping news and other useful facts. Free! Write to the Galveston Wharf Co., or the Chamber of Commerce, Galveston, Texas. Traffic problems invited.



Port of GALVESTON

America's Port of Quickest Dispatch

When writing please mention Nation's Business

bilities created by the increased production." Credit lies behind this failure.

"By and large," Mr. Mazur claims, "the pattern created by European credit agencies for domestic operations has been followed with religious orthodoxy by American institutions. Not only the funds owned by investors, deposited in banks, and owned by banks have been used for production and for the exploitation of trade through channels of foreign development; but the credit created by the right of banks to lend out more than their free capital has been directed to the same end. The rediscount privilege allowed the banks under the Federal Reserve system has added national resources to their own individual ones for the greater development, stimulation, or overstimulation of business up to the point of consumption."

Here is where credit falls down as a resource, its very availability "is one of the causal factors in inflation and over-extension. Production is the cornerstone arch, and cornice of the credit structure of modern social economy. For the consumer and his needs, this well-developed and far-reaching mechanism is of little use. Though the ultimate consumers *en masse* may be the largest buyers of commodities and products, as individuals their participation is too small to be effectively handled by the banking institutions. Moreover the use of credit by consumers still smacks of profligacy. That the exclusive use of credit by producers smacks of overproduction and intermittent industrial paralysis is not as widely recognized.

MENTIONING the fact that the financial requirements of credit selling have so far been mainly met by the sellers out of their own resources, Mr. Mazur calls attention to the success of the few lending organizations that have gone into this field, though "The new credit instrument has not as yet been accepted as a part of our social economy; opinion concerning it is divided, conservative business men and bankers are violently opposed to it, seeing in it the prime source of what they term extravagance and profligacy of the past decade and one of the important causes of the present unfortunate situation."

To conclude: "Nations, states, communities, have no hesitation in imposing on generations to come the burden of debts incurred today, and practically nobody has found anything wrong morally or socially with the process. But for a man to anticipate his next year's earnings for the present good of

the family seems little short of criminal. What mental process is it that accepts the one procedure with equanimity, even enthusiasm, while rejecting and condemning the other?"—DON C. SEITZ

ADVERTISING is slowly but surely becoming scientific. One of its factors, the determination of the amount of the appropriation, is, because of the depression of the last two years, in a fair way to be put on a scientific basis very soon.

Albert E. Haase, managing director of the Association of National Advertisers, Inc., has written "The Advertising Appropriation" in an effort to put this part of business expense on a sound basis. He describes the various methods of determining the amount of the appropriation and factors to be considered in administering that appropriation.

NEXT best to a self-contained knowledge of facts is the knowledge of where to find them. In that behalf the New York Special Libraries Association provides a helpful guide through the medium of its new directory for the metropolitan district.³ The statement that more than 300 special libraries are now in use provides its own emphasis on the enormous growth of factual information which is finding its way into pamphlets, trade journals, proceedings of scientific and trade associations, and into newspapers. How important it is to keep this information sensible, every business man readily recognizes.

The present directory is the work of a committee of sixteen under the chairmanship of Miss Rebecca B. Rankin, librarian of the Municipal Reference Library.

²The Advertising Appropriation, by Albert E. Haase. Harper & Brothers Publishers, New York, \$3.50.

³Special Libraries Directory of the New York Metropolitan District, compiled by Directory Committee of New York Special Libraries Association. New York Special Libraries Association, New York, \$1.50.

Recent Books Received

Some Aspects of the Tariff Question, by F. W. Taussig. Harvard University Press, Cambridge, Mass., \$4. Third Edition.

Marketing Research Technique, by Percival White. Harper & Brothers Publishers, New York, \$4.

Making Farms Pay, by Cornelius J. Claassen. The Macmillan Company, New York, \$2.

Why I Don't Sell Substitutes, by Charles C. Casey. The Dartnell Corporation, Chicago, \$1.85.

The Belyea Truck Company is one of California's largest transportation systems. Its fleet of 250 trucks, trailers, truck cranes, etc., is equipped with Firestone Tires. Last year it transported merchandise approximating 300,000,000 pounds at a great saving in tire expense.



"Lowest Tire Costs Ever"

"**FIRESTONE** Tires and Firestone Service substantially increased our average mileage and reduced our tire costs to the lowest point we have ever known." — BELYEA TRUCK COMPANY.

Increased mileage and lowered costs are the common experience of Firestone Tire users in all lines of work. The reasons lie in the fundamental construction of these tires.

Gum-Dipping gives Firestone Tires longer life by reducing internal friction and heat. Firestone's Two Extra Cord Plies under the tread bind the rubber tread and cord body more strongly together and add extra protection against punctures and blowouts. Yet these Firestone extra values do not mean extra cost to the purchaser.

The Firestone Service dealer will gladly show you how you can lower your truck operation costs. Call him in today or write the Firestone Tire & Rubber Co., Akron, Ohio, Los Angeles, California, or Hamilton, Ontario.

Listen to the VOICE OF FIRESTONE every Monday night over nationwide N.B.C. network

Firestone

TRUCK TIRES & SERVICE

TIRES ♦ TUBES ♦ BATTERIES ♦ RIMS ♦ BRAKE LINING ♦ SPARK PLUGS ♦ ACCESSORIES
Copyright, 1931, The Firestone Tire & Rubber Co.

When buying FIRESTONE TIRES please mention Nation's Business

DIVERSIFIED financing has long been a policy of the C. I. T. Organization. We believe it has positive advantages for a client—merchant or manufacturer—who may himself only need our Financing Service in connection with the credit sale of a single type of product.

C. I. T. has had experience with credit selling in more than 80 lines of trade. Instances continually occur where what we have learned about customers and selling practices in one industry proves helpful to clients in some other line of business.

Service to diverse industries makes for steady employment of our capital funds, and as a result, consistently low financing costs to all our clients. It in part explains C. I. T.'s record of financial stability...which gives assurance to a responsible client, in any approved line, that he can depend on our ability to give continuous, efficient finance service.

80 LINES OF TRADE

Representative types of products sold on credit and financed by C. I. T. are

automobiles, electric refrigerators, oil heaters, radios, and other electric

household appliances; also many and diverse types of income-producing

machinery and equipment for mill and factory; equipment for

contractors, garages, hotels, restaurants and theatres; Diesel

engines, electric light plants, ships and barges ▲▲▲ In the

textile field C. I. T. has two independently operating

factoring units, Commercial Factors Corporation and

Meinhard, Greeff & Co., Inc., both of New York.

Each is a union of long established and well

known firms in the factoring business.

They serve an extended list of

leading mills and manufac-

turers in the marketing

of textile products



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Subsidiary Operating Companies with Head Offices in New York - Chicago - San Francisco - Toronto - Completely Functioning Local Offices in the Principal Cities

CAPITAL AND SURPLUS OVER \$90,000,000

BANKERS TO INDUSTRY EVERYWHERE

What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

FEW active participants in finance and trade will regret the passing of 1931. In this red ink year business men were harassed by a breakdown of financial institutions and by a dislocation of the instrumentalities of credit.

After showing gains in many directions in the first third of the year, American business turned lower when money troubles in Europe began to upset world confidence. Many economists think that American business was ready to recover at the earlier stage and that we are now in a second phase of a dual depression, in which instability of money has become a major depressing influence.

As the new year opens, the prospect for business volume and for business profits scarcely seems rosy. And yet, business in the large in the United States is unlikely to slump substantially below the level of the last six months. Recuperative forces are already at work and shortages are in the making.

Long term forecasting, at best a primitive and unscientific art, is especially hazardous. Even the most capable executives have had to change their business strategy at short intervals.

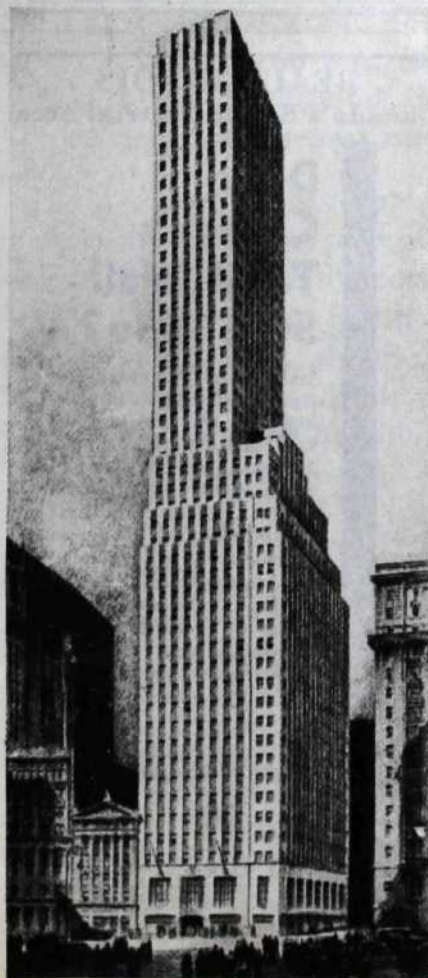
Few believe that the first part of 1932 will be one of easy prosperity. Most economists doubt whether business will reach statistical normal at any time in 1932. Yet some of the ablest financiers in the country think that we have passed the low point of the depression and that recovery will be slow and irregular during the next two years. Profits will go to superior managers—to companies headed by executives of clear vision, courage and indomitable will to go forward.

♦
COMMODITY price stabilization would be a fundamental step forward and would lead merchants to put in normal stocks. This would give a substantial impetus to industry and would revive opportunities for employment.

It is necessary to reestablish an equilibrium in business among fixed charges, wages and commodity prices. Mere wage cutting does not solve the whole problem because, as the volume of trade declines, unit costs go up. Instead of continuing

indefinitely the process of liquidation and deflation, some business men believe that the process should be halted and that economic balance should be sought at a higher level by raising commodity prices through controlled credit expansion.

♦
AN INDEFATIGABLE forecaster in the Middle West made the subjoined predictions for 1932—railroad loadings greater in fourth quarter of 1932 than 1931; industrial production greater in fourth quarter of 1932 than 1931; commercial failures greater, bank failures less in 1932 than in 1931; dividend payments less; brokers' loans greater; production of electric power greater; consumption of gasoline greater; gold exports less; money in circulation less;



The new Continental Bank Building now is rising at 30 Broad Street

cost of living less; earnings of industrial and railroad employees less; and number of employed workers greater.

♦
TWO important balance wheels of prosperity and depression are the automobile trades and the construction industry. Automobile executives are ambitious to be at the van of the recovery; pointing out that they led the way back to normal in 1908, in 1914 and again in 1921. They are planning a major drive against buying inertia in connection with the Automobile Show in New York, January 9 to 16, at which a wide variety of new models will be shown.

Many of the leading companies are planning increased advertising and sales expenditures.

But automobile executives with whom I have talked agree that only confidence in the future can dare any real buying. There is no lessening of the desire for new automobiles, but there has been a substantial decline in the willingness to buy.

One of the ablest statisticians in the industry estimates that the production of automobiles and trucks in the United States and Canada in 1931 reached only 46 per cent of the output in 1929 and only 60 per cent of the eight-year average. He believes that, in the first quarter of 1932, production may run about 14 per cent less than in the corresponding quarter of 1931. A revival in the automobile industry, he feels, depends entirely upon underlying financial conditions. A relatively small increase in volume through 1932 would be quickly reflected in a spurt in net income of the leading companies.

♦
AS FOR the construction industry, the setback had already begun in 1929, when the total volume of construction was 13 per cent less than in 1928. In 1930 it was about 22 per cent less than in 1929 and in 1931 it will have been about 30 per cent less than in 1930. Since these estimates are based on dollar statistics, they are exaggerated somewhat by the decline in building costs in the last two years.

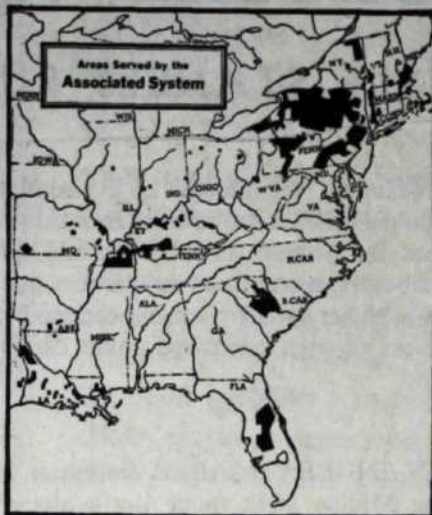
The construction program of the elec-

8 Decades of Expansion

1852—1932

SINCE the first Associated properties began operating 80 years ago, there have been a dozen depressions, including those of 1857, 1883, 1893, 1907, and 1921. Yet, so vigorous has been the growth of the gas and electric industries and so steady the demand for their services that each dull period has been followed by progress unmatched before.

Progress in the Associated System has been especially rapid since 1920. In these years the number of customers increased from 682,469 to 1,442,106; gross earnings from \$51,164,774 to \$111,180,063, and number of security holders from 121 to 231,055.



For information about facilities, service, or rates, write

Associated Gas & Electric System

61 Broadway

New York City



Tragic Years

NATION'S BUSINESS rarely delves into the past, but there are times when a study of the past helps us to understand the present.

The more a business man knows about former depressions, the better able he will be to plan for possible developments during the present.

Read the series of articles starting on page 17 of this number for a clear-cut interpretation of business trends during "panic" years.

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| ○ Rail. Station Mgm't | ○ Business English |
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Does Canada's Tariff Wall Stop You?

Locate in Canada and compete on an even footing for the business of this rich market. Take advantage of Imperial preferences. Beauharnois offers special facilities; cheap and abundant power from a 2,000,000 h.p. site; plentiful labor; unusual rail and water shipping facilities. Investigate this new industrial area.

Write for Booklet B3



Send for
this
Book

**Beauharnois Power
Corporation Limited**
Montreal Canada

tric light and power industry dropped 46 per cent in 1931 from 1930 and in 1932 it is not likely to run any lower. Commercial building declined about 50 per cent and most observers expect it to remain on a low level for two or three years. Industrial building will doubtless remain at a low ebb until business warrants the expansion of factory facilities. Residential building, formerly half of the industry's total, now is running about 25 per cent. In the first quarter of 1931 it was four per cent below 1930 levels, in the second and third quarters, 22 per cent, and in October it dropped to 42 per cent. President Hoover's housing conference and his plan for a mortgage discount bank are intended primarily to stimulate residential building.

Most observers believe that the decline in the construction industry has run its course, with the possible exception of public works construction. If the Federal Government does not initiate a large public works program, public construction may fall off as many municipalities have approached their debt limits.

AT THIS writing, toward the close of the year, the chief visible gain is in the financial situation. Since early October, bank suspensions have been fewer, and greater public confidence in the surviving banks is evident. Accordingly, in the last fortnight in November, currency outstanding moved contrary to the usual seasonal tendency. It decreased by \$4,233,000, compared with an increase of \$50,720,000 a year ago.

The American banking system responded magnificently to the panicky feeling abroad about the dollar which developed after Great Britain suspended the gold standard. In six weeks the outflow was more than 700 million dollars. This response heightened international confidence in the dollar and, in the four weeks following the outflow, the return flow of gold was \$190,267,000.

IN THE 12 months ending November 30, 1931, about 2,300 banks with aggregate deposits of two billion dollars closed their doors. This was about 9.5 per cent of all the banks of the country and about three per cent of total deposits of all banks. Of the suspended banks, about one out of eight reopened. This average of reopening is less than prevailed before last May. New England, Texas and the Pacific Coast were least affected by the banking mortalities. Among the industrial states, New York, Pennsylvania, Ohio, Michigan, Indiana and Illinois

were most affected, and among the agricultural states, Mississippi, Iowa and Missouri led in the number of failures. Fifty per cent of the failures occurred in these states and suspensions amounted to 70 per cent of the deposits of all closed banks.

It has been estimated that the banks which suspended in 1929 were about one-sixth of the average size of all banks in the country; in 1930 they were one-fourth; and in 1931 they were one-third of the average size. This indicates that the banking ills ceased to be confined to the smallest institutions.

WHEN American investors who had bought 15 billion dollars' worth of foreign securities began to lose their appetite for such investments in 1928, leading commercial banks began to try to meet Europe's needs with short term advances, instead of long term loans. Following the moratorium on reparations and inter-Allied debts, the American bankers in cooperation with bankers in other creditor countries agreed to the Stillhaltung (stand still) arrangement under which they undertook not to reduce their net commitments in Germany until March 1.

It is now evident that Germany will not be able substantially to liquidate this indebtedness to banks on March 1 and negotiations are under way for further extension. Albert H. Wiggin, chairman of the governing board of the Chase National Bank, represents American institutions in these arrangements.

AN INTERESTING phase of the current economic scene is the relative superiority which efficiently managed little businesses are showing over the general run of big businesses. Capably conducted small institutions have shown themselves especially flexible and mobile in meeting changing conditions. Commenting on this situation, William J. Boies, a veteran financial commentator, points out:

"Main Street is gaining more attention than Wall Street. The effort to get business out of the red is giving rise to the broadest demand ever developed in this country for authoritative information touching the vital facts of American business. You cannot take statistics out of the newspaper headlines nor accept the popular fallacy of the importance of mere bigness.

"More than five million one-man firms or partnerships are operating and a large percentage of them will make a good showing in this depression year. The outlook is brighter, but the situa-



Lower Broadway, New York—Guaranty Trust Company Buildings at left.

How Your Business Would Be Served by This Bank

YOUR organization, as one of our banking clients, would receive the advantages of experienced *individual* service and the complete *institutional* facilities of one of the country's largest banks.

Each of our commercial accounts receives the personal attention of officers who are familiar with the customer's business and who keep in close touch with it, wherever located. In addition, the Bank makes available the advantages of its ample resources and its exceptional facilities and contacts, national and international.

We invite you to discuss your requirements with us.

Guaranty Trust Company of New York

140 Broadway

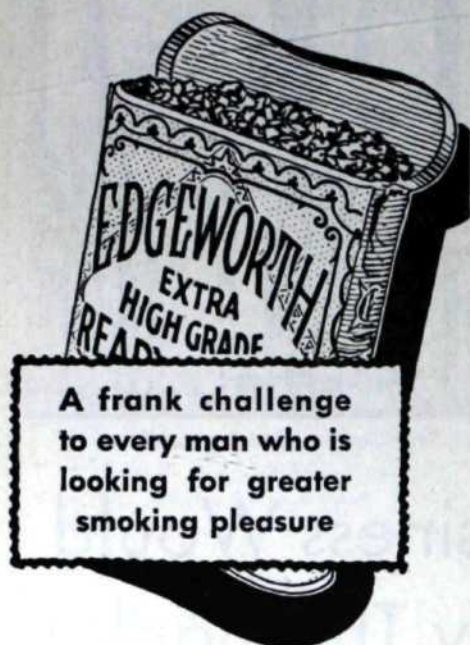
LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

CAPITAL, SURPLUS AND UNDIVIDED PROFITS

MORE THAN \$295,000,000

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THIS PIPE TOBACCO will win you



TODAY we have a real message for every man who is looking for 100% pleasure from his smoking. There is one smoke which brings a new satisfaction and contentment to almost every man who tries it.

This smoke is a pipe filled with Edgeworth. If you will try it we sincerely believe that Edgeworth will prove to be the real pleasure smoke for you, just as it has for so many others.

Edgeworth is a blend of fine old burleys with its natural savor insured by Edgeworth's distinctive eleventh process.

Almost every man who tries Edgeworth likes this fine smoke. Won't you consider this as a personal invitation to try a tin of Edgeworth?

Just tell your dealer that you want "Edgeworth Ready-Rubbed" or "Edgeworth Plug Slice." All sizes from the 15¢ pocket package to pound humidior tin.

If you want to try before you buy, clip the coupon below for a free sample packet. Larus & Bro. Co., 100 South 22d Street, Richmond, Va.

CLIP COUPON

LARUS & BRO. CO., 100 S. 22d St.
Richmond, Va.

Send me the Edgeworth sample. I'll try it in a good pipe.

Name _____

Address _____

City and State _____

NB-83

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tion calls for sound thinking, careful planning and work, work, work. Too many people are waiting to be 'cranked.' The country needs self-starters, of the enterprising type."

"BUY NOW" campaigns are on a more sensible basis. Merchants are appealing to the self-interest of consumers in alluding to prevailing low prices and pointing out that they cannot be expected to continue indefinitely. A year ago "buy now" campaigns were based on sentimental, vague patriotism.

ONE of the chief social wastes incidental to the depression has been the forced idleness of men and women. In cooperation with the Gibson Unemployment Committee in New York and the Professional Engineers Committee on Unemployment, Columbia University has undertaken to give a special series of courses for unemployed engineers. To be eligible for the course, engineers must show that they are idle through no fault of their own. The classes are conducted without fee or credit and are intended to preserve the morale of these men. As Dean Joseph W. Barker announced, the lectures will review the principles which these men covered while in college.

MUCH has been said in recent weeks about the anti-social habit of hoarding, but foolish and frightened individuals are not the only hoarders. Industrial corporations and banks have also been affected by the prevailing psychology and have deepened the general depression by their eagerness to be extraordinarily liquid. The National Lead Company, headed by Edward J. Cornish, set an interesting precedent recently. It declared an "emergency relief dividend" of 25 cents a share on its common stock in addition to the regular quarterly dividend of \$1.25 a share. The president of the company announced that the extra dividend checks would be accompanied by a request to stockholders to recognize their obligation to contribute to unemployment relief funds.

In commenting on the action, Mr. Cornish said:

"The directors feel that they have no right to give away company funds toward relief of the unemployed. They take the position that the company's money belongs to the stockholders. By declaring an extra dividend, we give the money directly to the stockholders with the request, however, that they in turn pass it along. There is no obligation to

do so, and if the stockholders themselves need the money, it is theirs to keep."

AS A young lawyer in Omaha, Mr. Cornish used to debate the currency question with the late William Jennings Bryan. During the campaign of 1896 Mr. Cornish wrote some admirable treatises defending the gold standard. The recent action of William Jennings Bryan, Jr., in calling a conference of 12 Governors on the silver question, recalls a letter which I received from the elder Bryan in the summer of 1925 shortly before his death. Queried concerning his views at that time on the silver question, Mr. Bryan who, in 1896, advocated the free and unlimited coinage of silver in a ratio of 16 to one, wrote me:

"I do not regard the time as opportune for the discussion of the money question. It takes a serious business depression to arouse such a discussion. The discussion in 1896 came at the end of a long period of decline of prices, during which three international conferences were held to restore bimetallism. The increased production of gold and the consequent rise in prices demonstrated the truth of the quantitative theory of money, but, as the increase came from an unexpected source, many failed to realize that the contentions of the bimetallists had been sustained by experience. An attempt to revive the money question at this time would tend to divert attention from other questions about which people are thinking."

BETTER Business Bureaus throughout the country have organized to prevent abuses of advertising by retail merchants who have in some instances sought to outdo one another in extravagant statements. One of the chief leaders in this corrective movement is Maj. Benjamin H. Namm, Brooklyn merchant who, in appealing for the exclusion of predatory advertising, said:

"This would not only purge business of a serious evil, but it would add confidence, security and potency to advertising—and thus fortify the greatest ally that merchandising has ever known."

Distinguishing between merchandising and advertising, Major Namm declared:

"Merchandising is that which moves goods toward people, whereas advertising is that which moves people toward goods."

BANKS which are guided by a spirit of enlightened selfishness will recognize that it is to their interest to promote the



PRESDWOOD . . . puts speed in industry

TRADE-MARK REG. U. S. PAT. OFF.

Masonite Presdwood, the all-wood grainless board, grew up with the machine age—with the crash of presses, the whirl of planers, the bite of drills. It thrives on the rushing speed of modern production methods... saves precious minutes on every operation... never slows up the production line. Works equally well with hand tools. Never splits in nailing close to the edge.

Everywhere they're used, these modern industrial boards, rigidly graded at the mill, cut labor and material costs, eliminate waste and rejections. For making good products better, nothing compares to Presdwood—for steel-plate strength, durability, impervious-

ness to moisture, and easy workability. It comes in lengths up to 12 feet, or cut to your specifications. Smooth in finish; rich brown in color. Apply lacquer, enamel, paint, stain, varnish—any finish you please.

A sample of Presdwood sufficiently large for testing will be sent on request. Also the Presdwood booklet telling the story of its manufacture and listing 80 of its uses.

Masonite

PRESDWOOD

TRADE-MARK REG. U. S. PAT. OFF.
STRUCTURAL INSULATION · INSULATING LATH
QUARTERBOARD · Fashioned FLOORING
"Made in Mississippi"

**Cut or processed
to your order**

The Masonite Corporation is now prepared to supply manufacturers with Presdwood specially processed to meet any particular requirement, or cut to any desired irregular outline or size. Check the coupon or write in for full information describing service required of board.

**Send for
Free Booklet**

Mail the coupon today. It will bring you the interesting story of Presdwood

Masonite Corporation, Dept. P-21 © M. C., 1932
111 W. Washington Street, Chicago, Ill.

Please send your free illustrated booklet that describes Masonite Presdwood and its many uses.

Name.....

Street.....

City..... State.....

☐ If interested in specially cut Presdwood, check here



"Made of Presdwood"—brooders, brooder coops and other poultry equipment made by the Klein Manufacturing Co., Burlington, Iowa



McDougall Company, Frankfort, Ind., manufacturers of kitchen cabinets, depend on Presdwood for the cabinet backs



The Grand Rapids Store Equipment Co., Grand Rapids, Mich., are enthusiastic over Presdwood. They use it for case backs



Ends of spools for silk thread, yarn and ribbon are made of Presdwood by the Apex Spool Co., Philadelphia



A pleasing moisture-resistant tile for bathrooms, lavatories, etc., is being manufactured from Presdwood by the Tylac Company of Monticello, Ill.



Incubators made of Presdwood by the Advance Manufacturing Co., Springfield, Mo., have won much favorable comment



9,000 FIRMS from 25 countries invite you to Leipzig, Germany

*In one week's time
you can see what 9,000 firms
offer in all standard lines*

Now—as never before—prices are down at the Leipzig Trade Fair. This spring at Leipzig you can have the advantage of buying from 9,000 leading manufacturers selling competitively at one great market.

In the General Merchandise Fair, March 6th to 12th—among the exhibits of 7,000 manufacturers—you can see new displays of ceramics, glassware, household and kitchen utensils, lighting fixtures, toys, sporting goods, jewelry, novelties, motion picture and optical goods, furniture, stationery, textiles, toilet goods.

In the Great Engineering and Building Material & Equipment Fair, March 6th to 16th—2,000 manufacturers display the latest improvements in machinery and equipment designed to lower production costs and raise profits. These machine exhibits are of interest to every industry.

If economy is your goal—Leipzig is your first buying stop!

We will rebate transportation expenses to U. S. buyers

—on the basis of orders placed at the Fair. Write today for details on this money-saving rebate offer. Let us furnish you with Fair literature and other detailed information on exhibits. Address

LEIPZIG TRADE FAIR, INC.
10 East 40th St., New York City

LEIPZIG TRADE FAIRS

*For 700 years
the world's greatest markets*

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prosperity. Recognizing this, the Emigrant Industrial Savings Bank in New York recently conducted a campaign to induce depositors to spend more freely. A similar motive has actuated the First National Bank and Trust Company of New Haven which recently said:

"Today the dollar will buy 34 cents worth more in merchandise than it would have in 1920. No one can tell how long this condition will last. We believe in thrift and saving, but we also believe in normal living and spending. It is wise to buy when prices are low.

"Unused money holds up trade and business recovery. While thrift and regular saving out of income must always go on, a greater public willingness to make

purchases will help to bring about the definite turn in business so desired.

"Save, yes—but also spend wisely. Sweep the cobwebs off your money."

A REBOUND away from the tendency before the panic to establish department stores of finance is seen in the announcement of a new bank in Miami, Fla. It not only has stopped all the new banking sidelines but even has omitted from its program ordinary commercial lending. It will be purely a bank of deposit or a warehouse for money. The bank will pay no interest. It will get its revenue from investments in Government bonds and from rentals of safe deposit boxes.

Where Business Will Meet in January

DATE	ORGANIZATION	CITY
2	National Shoe Travelers Association	Milwaukee
3-6	National Shoe Retailers Association	Chicago
4-6	Northwest Cannery Association	Seattle
5	Northwest Fruit Barrelers Association	Seattle
5-6	Empire State Bottlers of Carbonated Beverages	Rochester
6	Motorcycle and Allied Trades Association	New York
6-7	Associated General Contractors of America	Des Moines, Iowa
7	Mid West Shippers Advisory Board	Chicago
7-15	Electrical League of Rhode Island	Providence, R. I.
9-11	Associated Equipment Distributors	Detroit
11-15	American Road Builders Association	Detroit
11	National Automobile Dealers Association	New York
11-13	National Wool Growers Association	Salt Lake City
12	Empire Association of Manufacturers of Heating and Cooking Appliances	New York
12-13	Eastern Soda Water Bottlers Association	Boston
12-15	Illinois Retail Hardware Association	Chicago
12-15	National League of Commission Merchants of the U. S.	Miami, Fla.
13-14	North Carolina Ice Cream Manufacturers Association	High Point, N. C.
14	New Jersey Mason Material Dealers Association	East Orange, N. J.
14	Society of Automotive Engineers	New York
14-15	Mountain States Lumber Dealers Association	Denver
14-16	American Engineering Council	Washington, D. C.
15	Common Brick Manufacturers Association	Cromwell, Conn.
15	Eastern Confectioners Traffic Bureau	New York
15	Maryland, Delaware and District of Columbia Ice Association	Baltimore
15	Southern Tier Wholesale Grocers Association	Binghamton, N. Y.
15-16	American Association of Railway Advertising Agents	Chicago
15-18	National Association of Dyers and Cleaners	Cleveland
16	Central States Association of Photo-Engravers	Cleveland
17-20	National Sporting Goods Distributors Association	Chicago
18-20	Northwestern Shoe Retailers Association	St. Paul, Minn.
18-20	Texas Ice Cream Manufacturers Association	Fort Worth, Texas
18-20	Middle Atlantic Shoe Retailers Association	Philadelphia
19	Insurance Federation of Indiana	Indianapolis
19-21	Kentucky Hardware and Implement Association	Louisville, Ky.
19-21	Northwestern Lumbermen's Association	Minneapolis
19-21	Western Retail Implement and Hardware Association	Kansas City
19-22	National Crushed Stone Association	Pittsburgh
19-22	Western Fruit Jobbers Association of America	New Orleans
20	Northwestern Paper Merchants Association	Minneapolis
20-22	American Society of Civil Engineers	New York
21	National Association of Printing Ink Makers	Cincinnati
21-23	National Board of Review of Motion Pictures	New York
22	National Woolens and Trimmings Association	New York
24	Western Confectioners Association	Coronado, Calif.
24-28	National Cannery Association	Chicago
24-28	National Retail Grocers Secretaries Association	Chicago
25-26	National Ready Mixed Concrete Association	Pittsburgh
25-27	National Preservers Association	Chicago
25-28	American Society of Heating and Ventilating Engineers	Cleveland
25-28	American Society of Refrigerating Engineers	Cleveland
25-28	National Food Brokers Association	Chicago
25-29	American Institute of Electrical Engineers	New York
25-29	National Association of Sheet Metal Contractors of the United States	Louisville, Ky.
25-29	Society of Automotive Engineers	Detroit
25-29	United Roofing Contractors Association	Louisville, Ky.
26-27	Illinois Association of Ice Industries	Danville, Ill.
26-27	New England Nurserymen's Association	Boston
26-28	American Wood Preservers Association	St. Louis
26-28	Oklahoma Hardware and Implement Association	Oklahoma City
26-28	Western Association of Nurserymen	Kansas City
26-29	Indiana Retail Hardware Association	Indianapolis
26-29	Minnesota Retail Hardware Association	Minneapolis
26-29	National Association of Merchant Tailors of America	Cincinnati
27	Retail Furniture Association of California	San Francisco
27	Wholesale Dry Goods Institute	New York
27-28	New England Association of Ice Cream Manufacturers	Boston
27-28	Western Retail Lumber Dealers of Canada	Winnipeg
27-29	American National Livestock Association	San Antonio
27-29	National Sand and Gravel Association	Pittsburgh
29-30	Pennsylvania Newspaper Publishers Association	Pottsville, Pa.
30	American Cranberry Growers Association	Camden

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.



BUSH helps many million people

"Reach for a Lucky"

AS you "reach for a Lucky" you set in motion a highly organized system of distribution, supplying thousands of retailers daily with fast turning stocks of fresh Lucky Strikes. The American Tobacco Company men at Bush Terminal receive huge shipments from their factories and redistribute to Metropolitan New York in an amazingly endless uninterrupted stream.

When The American Tobacco Company decided to utilize the facilities of Bush Terminal for Lucky Strike and all other products of The American Tobacco Company, it was solely because this great industrial city has facilities that give more efficient, more economical handling. It was a deliberate weighing of Bush facilities against lesser. Sound business judgment. Common sense.

At Bush Terminal City, New York's industrial headquarters, hundreds of the nation's most famous products are manufactured, warehoused or distributed. The facilities provided, by reason of the cooperative aspects of the plan, are available nowhere else.

Savings ranging from 35% to 50% are enjoyed by manufacturers, big or small. The space and extent of the

facilities used are fitted to your business, to be expanded or contracted to suit your requirements — and you pay only for what you use.

Bush Engineers will determine if and how you can move to Bush Terminal City. No obligation. Let us make an industrial survey, free of charge, showing actual savings you can make by coming to Bush Terminal.

BUSH TERMINAL FACILITIES

8 huge steamship piers. Coast-wise steamship connections at Terminal piers
35 miles of railway sidings. Universal freight terminals at every building — all trunk-line railroads
No cartage costs to move rail freight into or out of Terminal — package or carload
10,000,000 sq. ft. of floor space. 140 fireproof buildings — maximum daylight — heat no charge
5,000 to 100,000 sq. ft. on one floor for straight line production and distribution
Power, steam and light at lowest rates, even to small users
Lowest insurance rates — 100% sprinkler service
Metropolitan store-door trucking system extending to Philadelphia
Cold storage plant and other special facilities. Labor, excellent and plentiful

BUSH TERMINAL CITY

Owned and Operated by BUSH TERMINAL COMPANY

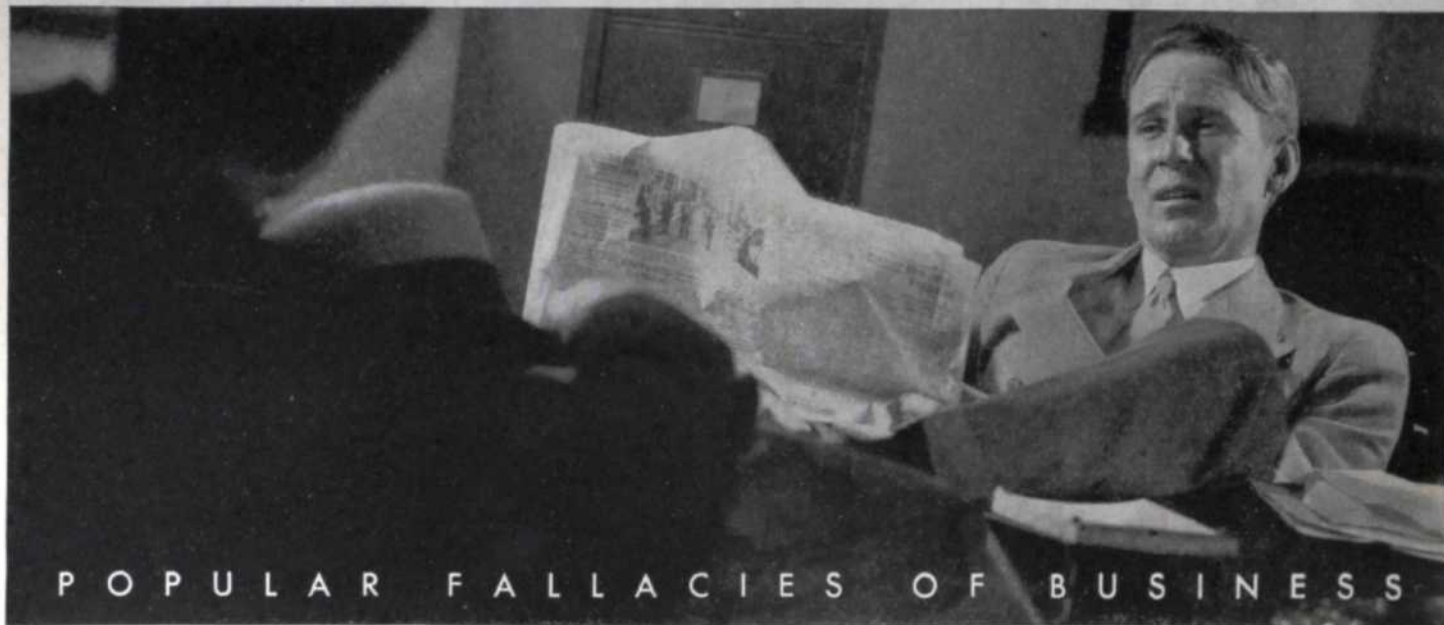
Cooperating with the nation's foremost manufacturers

Executive Offices: 100 Broad Street, Dept. N, New York

FOREIGN DISTRIBUTION — BUSH SERVICE CORPORATION



"We're waiting for GENERAL BUSINESS to PICK UP"



POPULAR FALLACIES OF BUSINESS

AMONG the thousand reasons given for our present business inactivity, is one that grows out of a great popular fallacy.

Aren't too many of us watching and waiting for "general business" to pick up when "general business" as an entity is only a myth? "General business" is not made up of the corporations of the country, of the big boys on the stock exchange. "General business" is made up of the 450,000 corporations, big and little, and of the five millions of us who are engaged as partnerships, firms and one-man shops. We constitute the real business structure of the United States.

Now, if each of us, no matter

what our job, would forget the easy golden years of 1928 and 1929, and start in to build up our own individual business, wouldn't the country feel the stimulus immediately? Isn't it the honest truth that few of us today are exerting ourselves to the utmost? Some are, and their business is even better than in 1930 and 1929. But aren't most of us still at cruising speed when what we need is full steam ahead?

Suppose the business of the country is off 20 per cent! How many an individual has accepted a 20 per cent increase in quota with enthusiasm and gone out and brought that quota back! Now if you, and we, and every one of the

WHAT POPULAR FALLACY MISREPRESENTS YOUR BUSINESS

Every industry, every business, has its popular misunderstandings: real estate, construction, farming, advertising, retailing. Write me personally of yours. They will be discussed currently in *Nation's Business* and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up.

MERLE THORPE, Editor.

five millions of us would stop nursing a fallacy, would stop looking for a magician to pull a rabbit out of a hat, and start tomorrow morning to build up his individual business, a brick at a time, why then, "general business" would soon show his head.

It's a fallacy to think we must wait for business to come back; the sensible, constructive, American thing to do is bring it back.

For twenty years *Nation's Business* has combated fallacy. In our January number we approach the task with new zeal.

No matter what your business, you need *Nation's Business*. The subscription price is \$7.50 for three years.

A militant publication like Nation's Business is an excellent medium for advertisers.



NATION'S BUSINESS

300,000 CIRCULATION • ON NEWS-STANDS 25 CENTS
PUBLISHED MONTHLY AT WASHINGTON
BY THE UNITED STATES CHAMBER OF COMMERCE

What's Likely in Washington

(Continued from page 27)

thority of the Federal Power Commission is possible, as a preliminary to considering in subsequent years a national policy.

There will be the usual talk against utilities, but no important legislation.

Prohibition RESUBMISSION will come to vote, will be voted down. Technically there will be no revision of prohibition at this session. Tactically there will be an advance of the cause of modification, in the direction of the resubmission to the states, not toward light wines and beer.

These observations on prohibition relate coldly to *prospects*, and have nothing to do with the pro and con *merits* of the issue.

Other Legislative Prospects LABOR anti-injunction bill—no chance.

Regulation of the coal industry—possible, but far from certain.

Philippine independence—not yet.

Postal rates—it isn't good policy to raise them before elections.

Land utilization policy—it is in the preliminary talk stage, but will provide a major economic issue five years hence.

Oil—tariff possible, but highly doubtful. Regulation of production through compacts between the states has favorable prospects.

World Court—would be ratified if it came to a vote; probably will not come to a vote.

Communications bill—agitation but no final passage.

Immigration—nothing important.

Bonus—can't get past a veto. But there may be some more "liberalizing" of veterans' benefits.

Bus and truck regulation—probably will not get through.

Navy building—nasty fight with bitter personalities, but with the economy program getting the breaks.

Cussing Washington SURE, cuss Washington if you wish. I do, we all do. But try to understand it, put emphasis where it belongs, don't fume where it does no good, don't spend effort unnecessarily, don't get rabid, and don't get scared. It's your Washington. We who are here didn't make it what it is. Yours very truly,

Wm. H. H. H. H.



Modernized by HAUSERMAN -

Office of
John A. Drake, V. P.
Campbell-Ewald Co.
Chicago, Ill.

HERE is practically no effect that cannot be obtained through the use of Hauserman Movable Steel Partitions. The above office illustrates a superb panelling, the cost of which would be very modest even if it were not a permanent asset which can be moved and re-located as easily as furniture and is 100% usable over and over again.

Regardless of the condition of your offices, they can be modernized and beautified at prices entirely in line with present day economy. Hauserman Partitions bring you the highest development of office-wall efficiency. The base and posts snap open to carry and conceal telephone and electrical wiring. Mop strip and base are vertically adjustable and fit snugly over the carpet or floor covering. Doors are independently adjustable to varying floor levels and conditions.

A Hauserman engineer will submit recommendations, sketches and prices—without any obligation on your part.



Copy Free
on Request

THE E. F. HAUSERMAN COMPANY

"Organized for Service Nationally"

6806 GRANT AVENUE CLEVELAND, OHIO

Factory Directed Planning and Erection Service
from these 13 Factory Branches

Newark Philadelphia Buffalo Boston Kansas City
Chicago Pittsburgh Detroit St. Louis Cincinnati
Washington, D. C. New York Cleveland Albany

HAUSERMAN MOVABLE STEEL PARTITIONS

When writing to THE E. F. HAUSERMAN Co. please mention Nation's Business

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

The Best Way to Restore Confidence

IT HAS been suggested that a huge advertising campaign, funded by business in general, would help restore confidence in all-American business.

Any effort in that direction would be merely a hopeful experiment. True, there have been outstanding examples of successful group advertising by associated industries. But the outstanding advertising successes in America have been by individual concerns for the building up of their own reputations and sales.

The way to use advertising to restore confidence, with a high probability of success, is for every sound business, every strong corporation, every solid banking institution, every worthy product, every beneficial service, to advertise individually with greater vigor and greater candor than ever before. What is needed is not a pool for advertising business in general, but many simultaneous, unusual advertising efforts, individually undertaken by the best of our American business enterprises to restore complete confidence in themselves individually. The collective result of such separate efforts, immediately commenced, vigorously prosecuted, courageously maintained, would be inspiring to all-American business. The paucity of advertising during the past two years undoubtedly has had a depressing effect.

Let us summon the great collective power of individual campaigns of the soundest, most truthful, fact-revealing advertising of all business concerns that are sufficiently sure of themselves to be willing to give assurance to the public. American business en masse is not sufficiently sure of itself to give complete assurance to the public, but there are enough individual business enterprises in America strong enough to be sure of themselves and confidently to assure the public through advertising to exert a tremendous force that would quickly dispel doubts and fears and replace them with confidence.

EDWIN BIRD WILSON, *President*
Edwin Bird Wilson, Inc., N. Y. C.

This ONE newspaper puts this rich market into your hands

THE territory served by the Chicago Sunday Tribune has a population of 12,200,000 people. No other newspaper in America delivers such dominant circulation in so great a market.

It is a market more populous than the cities of Philadelphia, Boston, Baltimore, Pittsburgh, Cleveland, Cincinnati, Detroit, St. Louis, Denver, Seattle, San Francisco, Washington, Minneapolis, New Orleans, and Los Angeles combined.

It is a market that produces 11% (\$5,638,606,682) of all the nation's retail purchasing.

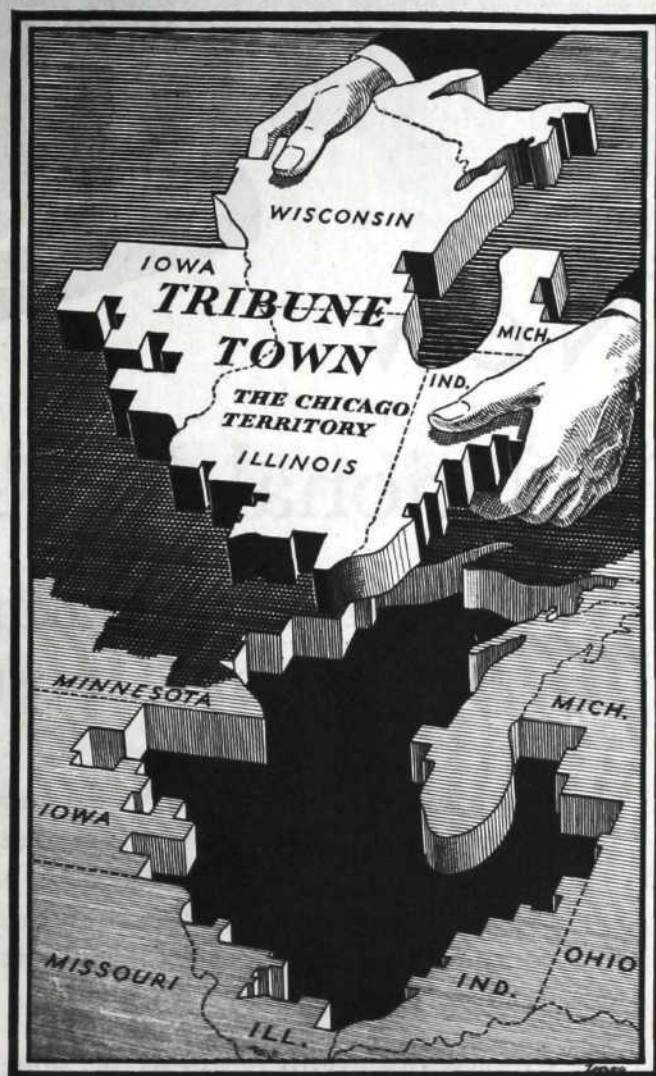
And there is only one way to reach its buyers effectively through advertising—the Chicago Sunday Tribune.

When you bid for business in the Chicago Sunday Tribune you go into homes that not only produce 42% of this area's spending but influence much of the balance.

You reach 7 out of 10 Chicago families. *In all cities and towns of 1,000 population and over in the entire Chicago territory you reach over half of the families.*

Get yourself established in this territory that the Chicago Sunday Tribune so completely envelops and one of your major worries about sales volume will be settled. The people are here, the money is here, and the means of reaching both economically is here in the Sunday Tribune.

Call in a Chicago Tribune man today for all the facts.



Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

FINANCIALLY IMPREGNABLE

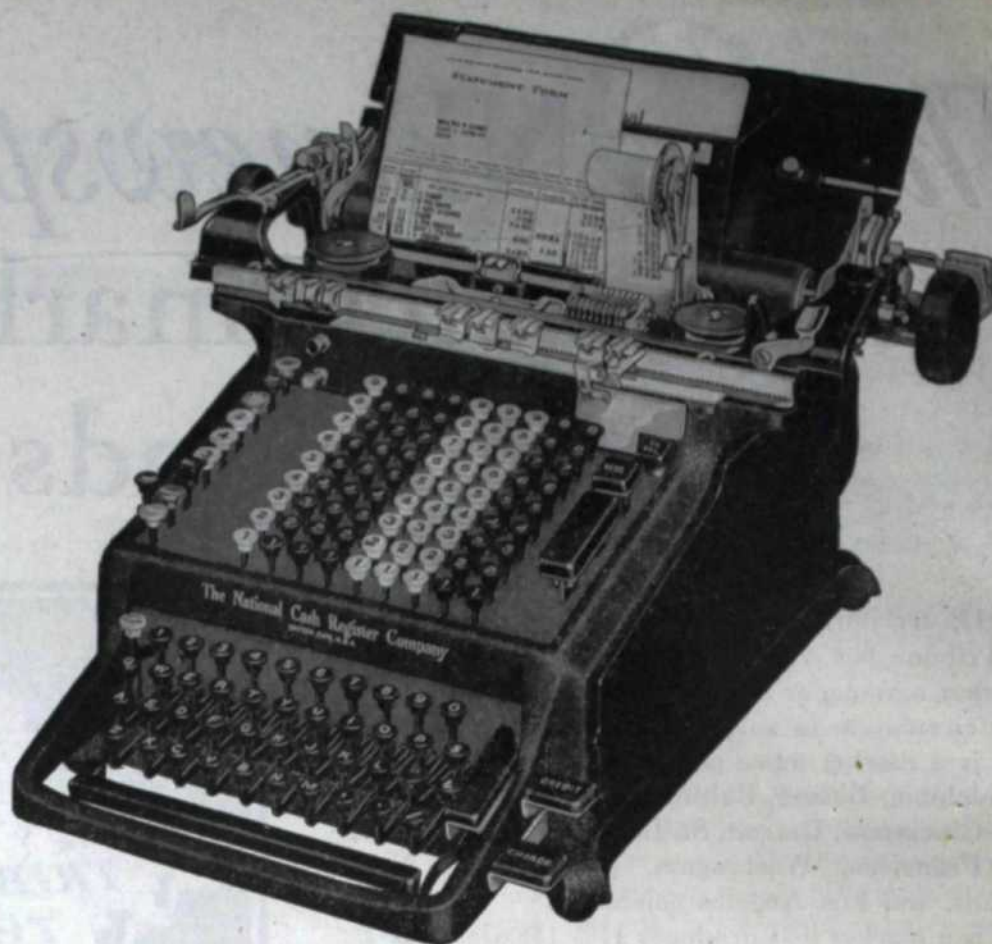
Eastern Adv. Office
NEW YORK
220 E. 42nd St.

Southern Adv. Office
ATLANTA
1825 Rhodes-Haverty Bldg.

New England Adv. Office
BOSTON
718 Chamber of Commerce Bldg.

Western Adv. Office
SAN FRANCISCO
820 Kohl Bldg.

When calling a CHICAGO TRIBUNE representative please mention Nation's Business



A
New

National Bookkeeping Machine

combining features which make it the
fastest and most accurate in its field

The number of operations necessary to complete a posting is sharply reduced. Operators gain an entirely new conception of easy operation. Work is completed in less time and at a definitely lower cost.

Charge and credit columns are selected automatically. To compute and print a credit balance just one key is pressed, the balance prints in red. Statement and ledger are easily and quickly collated with a special aligning device.

Combined with these new features are the fundamental advantages of the National type of construction. Full adding and typing keyboards, complete visibility of all printing, automatic printing of ciphers and punctuation, and printed totals and balances.

From every standpoint this machine will go far beyond all that you have previously expected of a bookkeeping machine. Only a demonstration can show you its remarkable possibilities.

THE NATIONAL CASH REGISTER COMPANY
DAYTON, OHIO



BUSINESS TURNS TO LONG DISTANCE

FOR ECONOMY



MANY companies are meeting today's difficult production and distribution problems by using long distance telephone service for transacting their out-of-town business. This method of contacting customers and prospects is quick. It gets results. It effects savings in many ways. It is a profitable investment.

The telephone saves valuable time in starting production, making deliveries, announcing price changes, ordering supplies, arranging appointments. It conserves hours for busy executives, letting them accomplish more.

And Long Distance rates are low. You can conduct business with a man many miles away . . . with the advantages of a face-to-face conversation . . . at a surprisingly small cost. There are two kinds of out-of-town calls: *person-to-person*, when you wish to talk with a specific person; and *station-to-station*, when you will talk with any one who answers the called telephone. The latter are cheaper.

Many business men have found that a definite plan of telephoning helps them build business and cut costs. An experienced telephone representative will gladly study your problems, and develop a plan that is custom-made for your company. There is no charge for this advisory service.

JUST CALL YOUR BELL



TELEPHONE BUSINESS OFFICE

"*That bully old slogan hits me just right—*



...no bamboozlin' about that!"

SURE! When a word fits, you know it! "Satisfy" just *fits* CHESTERFIELD. A smoker picks up a package, and he likes its neat appearance—moisture-tight but easy to open. *That* satisfies him.

Then he examines a Chesterfield. It is well-filled; it is neat in appearance; the paper is pure white. And that satisfies him.

He lights up. At the very first puff he likes the flavor and the rich aroma. He decides that it *tastes better*—neither raw nor over-sweet; just

pleasing and satisfying . . . Then he learns it is milder. That's another way of saying that there is nothing irritating about it . . . And again he's *satisfied*!

Satisfy—they've *got* to satisfy! The right tobaccos, the CHESTERFIELD kind, cured and aged, blended and cross-blended, to a *taste* that's right. Everything that goes into CHESTERFIELD is the best that money can buy and that science knows about. CHESTERFIELDS do a *complete* job of it. *They Satisfy!*

